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Note by the President of the Security Council

In paragraph 2 of resolution 2050 (2012), the Security Council requested the Panel of Experts established pursuant to resolution 1874 (2009) to provide a final report to the Council with its findings and recommendations.

Accordingly, the President hereby circulates the report received from the Panel of Experts.

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Letter dated 7 June 2013 from the Coordinator of the Panel of Experts established pursuant to resolution 1874 (2009) addressed to the President of the Security Council

On behalf of the Panel of Experts established pursuant to resolution 1874 (2009), I have the honour to transmit herewith, in accordance with paragraph 2 of resolution 2050 (2012), the final report on its work.

The report was provided to the Security Council Committee established pursuant to resolution 1718 (2006) on 12 May 2013 and was considered by the Committee on 31 May 2013.

I should be grateful if the present letter and its enclosure could be brought to the attention of the members of the Security Council.

(*Signed*) Martin **Uden**
Coordinator
Panel of Experts established
pursuant to Security Council resolution 1874 (2009)

Letter dated 12 May 2013 from Panel of Experts established pursuant to resolution 1874 (2009) addressed to the Chair of the Security Council Committee established pursuant to resolution 1718 (2006)

[Original: French]

The Panel of Experts established pursuant to Security Council resolution 1874 (2009), has the honour to transmit herewith, in accordance with paragraph 2 of Security Council resolution 2050 (2012), the final report on its work.

The Panel would appreciate it if the present letter and its annex were brought to the attention of the members of the Security Council Committee established pursuant to resolution 1718 (2006).

(*Signed*) Martin **Uden**
Coordinator
Panel of Experts established
pursuant to Security Council resolution 1874 (2009)

(*Signed*) Katsuhisa **Furukawa**
Expert

(*Signed*) Chang **Guo**
Expert

(*Signed*) Jang-keun **Lee**
Expert

(*Signed*) Erik **Marzolf**
Expert

(*Signed*) William J. **Newcomb**
Expert

(*Signed*) Alexander **Vilnin**
Expert

Report of the Panel of Experts established pursuant to resolution 1874 (2009)

Summary

The Democratic People's Republic of Korea has continued to defy the international community in a series of actions which have heightened concern about its intentions. It:

- Used ballistic missile technology in a launch on 12 December 2012
- Conducted an underground nuclear test on 12 February 2013
- Declared that it would reactivate the nuclear facilities at Yongbyon

The Security Council has reacted to these breaches of its existing resolutions by adopting further measures and strengthening the overall sanctions regime aimed at inhibiting the country's ability to develop its weapons of mass destruction and missile programmes.

The trend in the incidents of non-compliance investigated by the Panel has remained stable. The Democratic People's Republic of Korea has continued its efforts to import and export items relevant to missile and nuclear programmes and arms. There was no major change in either the number or the nature of the incidents investigated by the Panel over the reporting period, compared with the previous reporting periods. The present report provides further information on the recent nuclear and missile-related activities of the Democratic People's Republic of Korea in violation of Security Council resolutions, and reports on various incidents, including cases previously reported for which investigations are now concluded:

- Seizure of aluminium alloys suspected to be nuclear-related in August 2012
- Seizure of missile-related items bound for the Syrian Arab Republic in May 2012
- Missile transporter-erector-launchers seen in Pyongyang in April 2012
- Attempts to procure missile technology in 2011
- Attempts to procure computer numerically controlled machine tools
- Attempts to procure parts of MiG-21 jets in 2011
- Seizure of arms-related material bound for the Syrian Arab Republic in November 2010
- Seizure of an arms shipment by Thailand in December 2009
- Seizure of rocket fuses bound for the Islamic Republic of Iran in 2008
- Conviction of an arms dealer attempting to broker Democratic People's Republic of Korea man-portable air defence systems in 2008
- Undetected shipments of spare parts for tanks and armoured vehicles bound for the Congo in 2008
- A series of incidents involving luxury goods

Overall, the Panel believes that while the imposition of sanctions has not halted the development of nuclear and ballistic missile programmes, it has in all likelihood considerably delayed the timetable of the Democratic People's Republic of Korea and, through the imposition of financial sanctions and the bans on the trade in weapons, has choked off significant funding which would have been channelled into its prohibited activities. In both its export and import of goods under sanctions, the Democratic People's Republic of Korea continues to use a variety of techniques to circumvent national controls, indicating that the imposition of sanctions has hampered its arms sales and illicit weapon programmes. The resolutions are also crucial in preventing the country from exporting sensitive nuclear and missile technology, thereby increasing the overall risk to international peace and security. The Panel, however, continues to highlight the uneven implementation of the resolutions in the present report, which creates gaps that the Democratic People's Republic of Korea exploits.

The report also provides details of other aspects of implementation of the sanctions regime, as updated by recent resolutions, such as the financial sanctions, assets freeze and travel ban, and reviews the air and maritime fleets of the Democratic People's Republic of Korea and its patterns of sanctions evasion. It also covers the unintended impact of the resolutions on the population of the Democratic People's Republic of Korea and on diplomatic missions in Pyongyang.

Given this consistent record of sanctions evasion, the Panel has reacted to the Security Council's direction that the Sanctions Committee designate further individuals and entities involved in violations by recommending to the Committee names of individuals and entities shown to meet criteria for designation owing to involvement in prohibited activities, including in some of the cases reviewed in the present report. The Panel has also made recommendations to improve the enforcement of the sanctions regime.

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Abbreviations and glossary

AFP	Agence France-Presse
AP	Associated Press
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization
FATF	Financial Action Task Force
IAEA	International Atomic Energy Agency
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
IMO	International Maritime Organization
INTERPOL	International Criminal Police Organization
KCNA	Korea Central News Agency
KCST	Korean Committee for Space Technology
KCTV	Korean Central Television
KNS	Korea News Service
KPA	Korean People's Army
KWP	Korean Workers' Party
MWe	megawatt-electrical
NGO	non-governmental organization
SANS	Second Academy of Natural Sciences
UNODC	United Nations Office on Drugs and Crime

The following words and phrases are used in the present report with the following specific meanings:

"The Committee"	The Committee established pursuant to Security Council resolution 1718 (2006)
"The resolutions"	Security Council resolutions 1718 (2006), 1874 (2009), 2087 (2013) and 2094 (2013)
"The Panel"	The Panel of Experts established pursuant to resolution 1874 (2009)
"The sanctions"	The measures set out in the resolutions
"Interdiction"	The inspection, seizure and disposal of cargo as defined by paragraphs 11 to 14 of resolution 1874 (2009), paragraph 8 of resolution 2087 (2013) and paragraph 16 of resolution 2094 (2013)
"Designate/designation"	Action taken by the Security Council or the Committee under paragraphs 8 (d) and 8 (e) of resolution 1718 (2006) (as amended in subsequent resolutions, including paragraph 27 of resolution 2094 (2013)) against persons or entities (assets freeze and/or travel ban)

I. Introduction

1. The Security Council responded to the launch by the Democratic People's Republic of Korea using ballistic missile technology and nuclear test by adopting resolutions 2087 (2013) and 2094 (2013). These resolutions introduce new measures aimed at convincing the Democratic People's Republic of Korea to comply with its international obligations, as well as at inhibiting further development of its nuclear, other weapons of mass destruction and ballistic missile programmes. They strengthen the existing sanctions regime in several key areas, including by:

(a) Extending the list of prohibited items and introducing a new "catch-all" provision that calls upon States to prevent the transfer of any item that could contribute to the country's prohibited programmes or activities;

(b) Designating additional entities and individuals to be subject to the assets freeze and travel ban;

(c) Broadening the designations criteria and calling upon States to ban the travel of any individual violating the resolutions or assisting in their evasion;

(d) Broadening the financial sanctions;

(e) Strengthening the measures related to the inspection, seizure and disposal of cargo originating from, destined for or brokered by the Democratic People's Republic of Korea;

(f) Calling upon States to deny take-off, landing or overflight requests to any aircraft that they have reason to believe is carrying prohibited items;

(g) Establishing a baseline definition of luxury goods.

An overview of the sanctions currently in force in relation to the Democratic People's Republic of Korea can be found in annex I.

2. The Panel's mandate was not changed by the new resolutions. Its mandate remains, based on resolution 1874 (2009), to gather, examine and analyse information from States, relevant United Nations bodies and other interested parties regarding the implementation of the measures imposed in the resolutions, in particular incidents of non-compliance; and make recommendations on actions that the Council, or the Committee or Member States, may consider to improve the implementation of the measures. The Panel presents its findings and recommendations in the following pages and has striven to provide as much supporting evidence as possible in the annexes to the present report.

3. The cooperation that the Panel receives from Member States in pursuing its mandate varies in terms of timeliness of replies to its requests for information, of granting permission to inspect goods and of volunteering information that may be pertinent to the Panel's mandate. While there may at times be national legal and procedural issues that have to be taken into account, the Security Council expressly calls upon Member States to cooperate fully with the Committee and the Panel, including by supplying any information at their disposal regarding non-compliance with the resolutions.

II. Background and political context

4. The geopolitical landscape in North-East Asia and beyond, and the internal developments in the Democratic People's Republic of Korea, continue to affect the overall environment against which the implementation of sanctions and the work of the Panel has to be viewed. The state of the relations of the Democratic People's Republic of Korea with the rest of the world and its national political landscape will influence its actions as regards its nuclear, other weapons of mass destruction, ballistic missile and arms sales programmes.

5. The situation within the Democratic People's Republic of Korea has shown little fundamental change over the past year. Under Kim Jong-Un, the country has stated that it would continue its nuclear and missile programmes in tandem with economic development. The rocket launch and nuclear test, and a series of bellicose statements early in the spring of 2013, were viewed by many as attempts by Kim Jong-Un to justify and consolidate his hold on power, based on a strong military (including a nuclear deterrent and ballistic missile capability).

6. The interaction of the Democratic People's Republic of Korea with the outside world is generally becoming more limited and adversarial. It has repeatedly condemned the Security Council for action taken in response to its rocket and nuclear test, and on 22 March 2013 the Human Rights Council established an international commission of inquiry to investigate a broad spectrum of alleged human rights abuses in the Democratic People's Republic of Korea.

7. In response to the adoption of Security Council resolutions, the Democratic People's Republic of Korea has made firm statements on its nuclear weapon and missile programmes, along with a series of declarations withdrawing from agreements relating to the Korean Peninsula, such as the termination of the 1953 Armistice Agreement and all north-south Korean agreements. The closure of its mission at Panmunjom, the cut-off of the Panmunjom military hotline and the withdrawal of Democratic People's Republic of Korea workers from the Gaesong Industrial Complex also dim prospects for the improvement of the inter-Korea relationship.

8. These developments indicate that prospects for the Democratic People's Republic of Korea to meet the expectations and security and humanitarian concerns of the international community as expressed in the resolutions are remote. The need for determined enforcement of the sanctions remains as clear and important as ever, as are the international community's efforts to achieve the country's denuclearization through dialogue, including the Six Party Talks.

III. The Panel of Experts and its methodology

9. The Panel of Experts was initially appointed by the Secretary-General on 12 August 2009 in accordance with paragraph 26 of Security Council resolution 1874 (2009). Its mandate was most recently extended until 7 April 2014 by the Council in its resolution 2094 (2013).

10. The Panel conducts its work in accordance with the methodological standards contained in the report of the Informal Working Group of the Security Council on General Issues of Sanctions (S/2006/997). The Panel strives to maintain high

evidentiary standards, despite not having the subpoena and investigative powers of a judicial body. It relies on three types of information: (a) experts' own first-hand and on-site observations; (b) information (sometimes confidential) supplied by States and/or international organizations, officials, journalists and private individuals; and (c) information found in the public domain. In weighing the reliability of information, the Panel keeps in mind the identity and role of sources and seeks corroboration wherever possible.

11. While observing the principles of objectivity, transparency and accountability, the Panel strives to ensure confidentiality. Information provided on a confidential or restricted basis is handled in a manner that both respects this and is consistent with the responsibilities of the Panel.

12. In pursuit of its mandate, the Panel has undertaken 52 visits to 28 Member States, United Nations bodies and other interested parties during the reporting period. Such visits included 10 visits to gather information about various incidents of non-compliance, including 3 for cargo inspection, 4 to discuss the implementation of sanctions and 24 to attend conferences and seminars to raise awareness of the importance of the resolutions. A list of the Panel's missions and meetings during the period under report is provided in annex III.

13. During the reporting period, the Panel addressed a total of 44 official communications to Member States, international organizations and private entities and individuals relating to its investigations, with a total of 17 responses to date. Some Member States have failed to respond to requests for information, including some sent during prior mandates. Similarly, the responsiveness of Member States to requests for inspections and missions to discuss implementation has varied.

14. Throughout the present report, the Panel has tried to strike the best possible balance between the recommendations of the Informal Working Group of the Security Council on General Issues of Sanctions calling upon the Panel to provide concrete information concerning allegations of non-compliance, backed up with primary documents, and General Assembly resolutions (such as resolution 67/237) on the control and limitation of documentation.

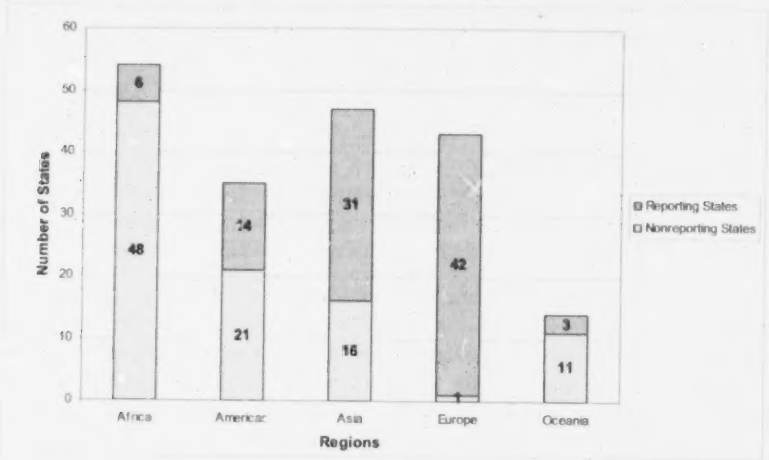
IV. Reports on implementation

15. The total number of Member States to have submitted their national implementation reports to date has reached 96,[1] which is 50 per cent of the United Nations membership.[2] Regrettably, the level of detail given in many of them is insufficient to judge if domestic legislation is sufficient to effectively enforce the sanctions. Three international organizations, as required by resolution 2087 (2013), have also engaged with the Committee regarding projects involving the Democratic People's Republic of Korea.

[1] Of the 96 reporting Member States, 22 Member States have submitted reports on implementation of resolution 1718 (2006); 2 Member States only on resolution 1874 (2009); and 72 Member States on both resolutions.

[2] During the reporting period, five Member States (Ecuador, Egypt, Luxembourg, Norway and Uzbekistan) provided initial or supplementary national implementation reports.

Figure I
Overview of reporting Member States by region[3]



16. Paragraph 10 of resolution 1874 (2009) requires that the export of small arms and light weapons be notified to the Committee. It was publicly reported in October 2012 that Switzerland exported about US$ 174,000 worth of small arms to the Democratic People's Republic of Korea during the first half of 2012. The Panel is in communication with the Government of Switzerland in this regard.

V. Continuing violations by the Democratic People's Republic of Korea of its obligation to abandon nuclear, other weapons of mass destruction and ballistic missile programmes

17. Over the past 12 months, the Democratic People's Republic of Korea has continued to develop its nuclear and ballistic missile programmes. Its launch using ballistic missile technology in December 2012 was quickly followed by a nuclear test in February 2013. The Security Council condemned both events. The Democratic People's Republic of Korea has also continued to expand its related infrastructures and administrative organizations.

18. In defiance of resolution 1874 (2009), which stated that it cannot have the status of a nuclear weapons State, the Democratic People's Republic of Korea revised the preamble to its Constitution adopted in April 2012 to describe itself as a "nuclear-armed State". In 2013 it passed a law purporting to consolidate its "nuclear weapons State" position.[4] The National Defence Commission and the Ministry of Foreign Affairs have also repeatedly stated that the Democratic People's Republic of Korea

[3] Regional breakdowns are taken from the Statistics Division of the Department of Economic and Social Affairs of the Secretariat: http://unstats.un.org/unsd/methods/m49/m49regin.htm.

[4] "Law on consolidating position of nuclear weapons State adopted", *KCNA*, 1 April 2013.

would, among other things, continue developing and launching long-range rockets and bolstering its nuclear deterrence, both quantitatively and qualitatively.[5]

A. Recent nuclear-related activities

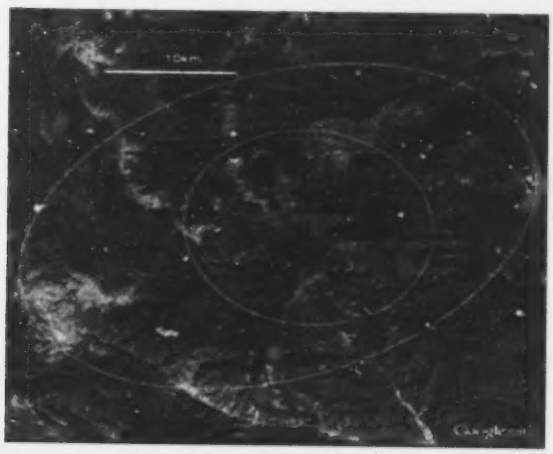
1. Nuclear test of 12 February 2013

19. On 12 February 2013, the Democratic People's Republic of Korea conducted an underground nuclear test. According to CTBTO, the February 2013 event, at 4.9 magnitude, was twice as large as the June 2009 event (4.52) and much larger than the October 2006 event (4.1).[6]

20. CTBTO located the epicentre of this detonation near previous ones. The Panel has identified this to be near Punggye-ri, Kilju County, in the north-east of the Democratic People's Republic of Korea.[7] The Panel analysed satellite images of this suspected nuclear test site showing activities before and after the test (see annexes IV and V for activities after the test). Despite the recent detection of radioactive noble gases, which could be attributed to this nuclear test,[8] it is not yet possible to determine the type of fissile material used.

Figure II

Comparison of the location estimates of the 2006 (green), 2009 (violet) and 2013 (red) announced nuclear tests by the Democratic People's Republic of Korea



Source: CTBTO.

[5] See for example the letters dated 24 and 25 January and 9 March 2013 from the Permanent Representative of the Democratic People's Republic of Korea to the United Nations addressed to the President of the Security Council (S/2013/50, S/2013/57 and S/2013/141).

[6] "Update on CTBTO findings related to the announced nuclear test by North Korea", *CTBTO Press Release*, 15 February 2013.

[7] Korea Institute of Geoscience and Mineral Resources (KIGAM) estimated the 2013 test site location as 400 m southwest from the 2009 test site. (Tae Sung Kim, "Seismic Analysis on the 3rd UNE of DPRK" presentation, Seoul, Republic of Korea, 4 April 2013).

[8] "CTBTO detects radioactivity consistent with 12 February announced North Korean nuclear test", CTBTO press release, 23 April 2013.

2. Creation of a new nuclear-related organization

21. On 11 April 2013, the Democratic People's Republic of Korea announced that it was creating a new "Ministry of Atomic Energy Industry", whose purpose will be to modernize its atomic energy industry and increase the quantity and quality of nuclear materials.[9] This new Ministry will undoubtedly take over the responsibilities of the General Bureau of Atomic Energy (designated by the Committee on 16 July 2009 as the primary Democratic People's Republic of Korea agency overseeing nuclear programmes, including the operation of the Yongbyon Nuclear Research Centre).

22. **In the light of this and of recent official declarations clearly linking the supposed "industry of atomic energy" to the production of fissile material to be used in nuclear weapons,[10] the Panel recommends that the Committee designate the Ministry of Atomic Energy Industry, as well as the new Minister, upon nomination, for their role in and support for the nuclear programmes of the Democratic People's Republic of Korea.**

3. Expansion of nuclear infrastructures and continuing activities

23. Over the reporting period, the construction of the new Light Water Reactor advanced significantly. A dome was placed atop the reactor building, something usually done after key components have been installed inside the building (see annex VI). To operate this reactor after its completion, the Democratic People's Republic of Korea will be required to produce a large quantity of fuel rods. The Panel learned from several experts that the Democratic People's Republic of Korea may not yet possess the requisite capability in this regard.[11]

24. In August 2012, IAEA already reported building renovation and construction work at various locations within the Yongbyon nuclear complex.[12] Although it could not determine the purpose of such activities, IAEA estimates that they appear broadly consistent with the statements of the Democratic People's Republic of Korea that it is further developing its nuclear capabilities.

25. These activities have continued throughout the reporting period. Several buildings were built or refurbished near the fuel fabrication plant where the alleged enrichment facility is located (see annex VII). Satellite images also confirmed that an area close to the 5-MWe reactor site has recently been cleared and that nearby buildings are being built or refurbished (see annex VI). To operate this reactor, the Democratic People's Republic of Korea will have to devise a new cooling system and produce new fuel rods. These activities could be related to the country's announced goal to "readjust and restart all the nuclear facilities in Yongbyon".[13]

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[9] "Ministry of Atomic Energy Industry to Be Set Up", *Rodong Sinmun*, 13 April 2013.

[10] See "Kim Jong-Un's report at March 2013 plenary meeting of the Central Committee, WPK", *Rodong Sinmun*, 2 April 2013, which stated: "More nukes, more accurate and smaller in size, and more carrier rockets must be put out and more advance be made in nuke technology so as to develop more powerful nukes. Putting the industry of atomic energy on update and scientific base is the key to increasing the production of nuclear substances and raise their qualities for development of more minimized and lighter nuclear weapons."

[11] "Center for International Security and Cooperation, Stanford University, Hecker responds to Nkorea's intent to expand nuclear arsenal", 10 April 2013.

[12] "Application of safeguards in the Democratic People's Republic of Korea", report by the Director General, GOV/2012/36-GC (56)/11, IAEA, 30 August 2012.

[13] "DPRK to adjust uses of existing nuclear facilities", *KCNA*, 2 April 2013.

26. Satellite images show ongoing activities at the Punggye-ri nuclear test site at least through March 2013. While experts consider that they were related to the repair of a tunnel believed to have been damaged by 2012 typhoons, the Panel is unable to confirm their true nature (see annex V).

4. Nuclear-related choke point items

27. Given the continued development by the Democratic People's Republic of Korea of its nuclear programmes, the Panel considers that transfer to and from the country of key items, especially for uranium enrichment, should be more strictly controlled and the scope of prohibition should be expanded. The Panel notes a broad consensus among nuclear experts that the Democratic People's Republic of Korea could use items outside the parameters adopted by the Security Council to expand its nuclear programmes, especially its enrichment programme.

28. **Following extensive consultations with a range of governmental and independent technical experts, the Panel recommends that the Committee determine the following items and materials to be subject to the measures imposed in paragraph 8 (a) (ii) of resolution 1718 (2006) using the technical parameters described in annex VIII:**

(a) Maraging steel;

(b) Frequency changers (also known as converters or inverters);

(c) High-strength aluminium alloy;

(d) Fibrous or filamentary materials, and prepregs;

(e) Filament winding machines and related equipment;

(f) Ring magnets;

(g) Semi-hard magnetic alloys in thin strip form.

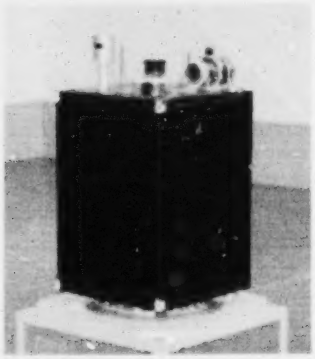
29. In addition, the Panel urges Member States to apply proper due diligence and prevent the transfer of any principal components of these items pursuant to the catch-all provision in paragraph 22 of resolution 2094 (2013).

B. Recent activities related to ballistic missile and related programmes

30. On 12 December 2012, the Democratic People's Republic of Korea launched a three-stage Unha-3 rocket carrying a satellite. This was the second launch from its west coast launching station. In contrast to previous attempts, this launch successfully put the satellite into orbit, although doubts have been expressed about whether it is stable in its orbit. It was subsequently registered by the Democratic People's Republic of Korea as an earth observation satellite.[14]

[14] In a letter dated 22 February 2013, the Secretary-General informed the President of the Security Council that "the act of registration does not confer legality or legitimacy to the launch of 12 December 2012" (S/2013/108).

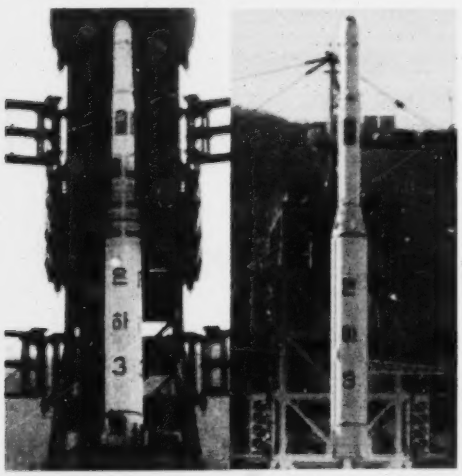
Figure III
Satellite Kwangmyongsong-3 on display prior to its launch in April 2012



Source: Kyodo via AP Images.

31. The shape and dimensions of this rocket are similar to previous Unha rockets launched in 2009 and 2012 (see figure IV). Slight but noticeable differences, for example in the fins and in the flame jet, suggest that the country's engineers were able to identify and correct technical flaws.

Figure IV
Comparison of Unha-3 rockets launched in April 2012 (left) and December 2012 (right)



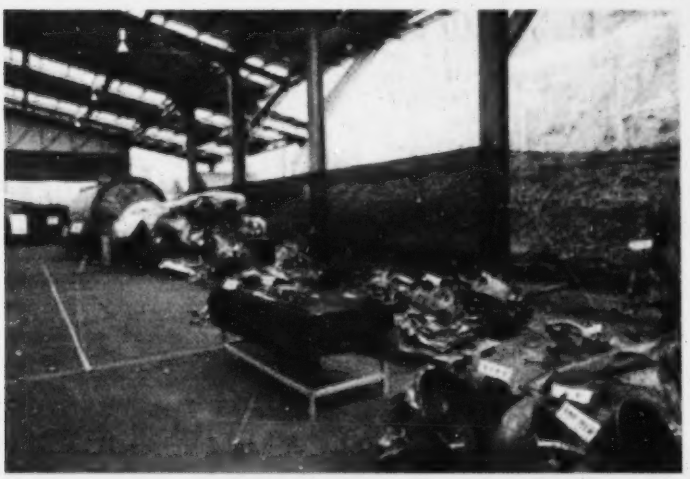
Sources: Pedro Ugarte/AFP/Getty Images (left), KCNA/AP Images (right).

32. Video and pictures released by the Democratic People's Republic of Korea, flight data collected and the analysis of debris salvaged by the Republic of Korea allowed analysts to assess that this rocket was not as sophisticated as initially thought. Only the third stage is now considered to be using more advanced fuels than Scud technology, while Democratic People's Republic of Korea engineers favoured reliable but less efficient solutions to various technical problems.

According to analysis of the fuselage parts recovered by the Republic of Korea, the first stage used four Nodong engines, each combined with auxiliary Vernier engines enhancing thrust and control. The oxidizer and fuel were stored in separate tanks made of lightweight aluminium-magnesium alloy.

33. Analysis of the debris showed that most of the first stage is of indigenous manufacture, even though some components were foreign-made. The Panel examined the retrieved fuselage and identified a number of foreign-sourced components, which include sensors, pressure switches, wire cables and other electronic devices.[15] Most appeared to be common commercial products. The fact that the Democratic People's Republic of Korea acquires even mundane components abroad demonstrates certain limitations of its domestic industry and the foreign-trade dependency of its prohibited activities and programmes. In this respect, the Panel believes that all Member States should pay appropriate vigilance and take necessary steps in accordance with paragraph 22 of resolution 2094 (2013) regarding such items. The Panel will continue to investigate the nature and origin of the foreign-sourced components.

Figure V
Recovered debris of Unha-3



Source: Panel of Experts.

34. The Democratic People's Republic of Korea conducted tests of large liquid rocket motors at the test stand of the west coast facility, the largest of the three Democratic People's Republic of Korea test stands (see figure VI). Commercial satellite images show that at least two tests and possibly more were conducted between April and September 2012.[16] These may have been tests of either the first stage of the Unha-3 rocket, or of the new KN-08 road mobile missile (which has not been flight tested so far), or related to the development of new and more powerful rockets.

[15] The Panel visited the Republic of Korea in April 2013; it was allowed to examine the fuselage and received a briefing by its authorities on their analysis.

[16] "North Korea conducts large rocket motor tests: construction at Sohae launch pad", *38 North*, 12 November 2012. Available from http://38north.org/2012/11/sohae111212.

Figure VI
Satellite pictures of the west coast test stand indicating engine testing

Propellant building
Fuel tanks
Propellant building
Test stand
Imagery: Quickbird (imagery captured 9 April, 23 November 2012)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: May 2013
N

Map No. 4503.5
May 2013

Department of Field Support
Cartographic Section

35. The Democratic People's Republic of Korea is also upgrading its east coast facility (see figure VII). It is now apparent that construction, under way since the summer of 2011, is for a new launch pad and other related facilities (e.g. assembly and launch control buildings). These seem larger than the ones of the west coast facility, which were completed less than two years ago and may already accommodate much-larger rockets than the ones launched in April and December 2012 (see para. 36 of S/2012/422).

Figure VII
New launch pad being built at the east coast facility

Propellant building
Covered flame trench
Propellant building
28 March 2011
Imagery: GeoEye1 (imagery captured 5 January 2012)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: May 2013
N
0 25 50 100 Meters

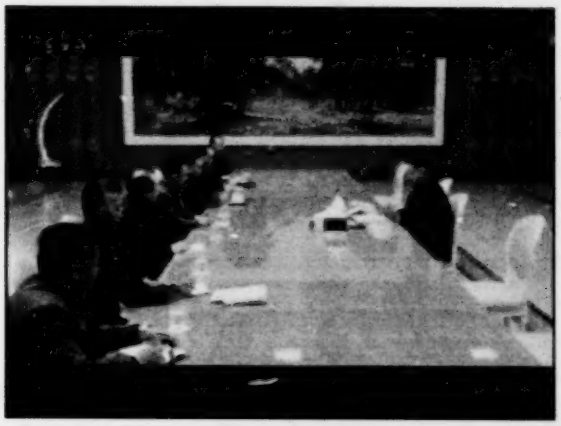
Map No. 4503.6
May 2013

Department of Field Support
Cartographic Section

36. In January and March 2013, the Security Council designated two entities, the Korean Committee for Space Technology and the Second Academy of Natural Sciences,[17] which were involved in the preparation and execution of the recent launch, as well as two employees of the former, Paek Chang-Ho and Chang Myong-Chin, who played key roles in the launch.

Figure VIII

Kim Jong-Un preparing the December launch with KWP, KPA, SANS and KCST representatives (undated picture)



Source: KCTV documentary entitled "Successful launch of satellite Kwangmyongsong 3-2 under the leadership of the Dear Respected Marshal Kim Jong-Un", 31 December 2012 through the official YouTube channel of the Democratic People's Republic of Korea.

37. As previously reported by the Panel, the Munitions Industry Department[18] of the Central Committee of the Korean Workers' Party plays a central role in both the nuclear and missile programmes of the Democratic People's Republic of Korea (see para. 55 of S/2010/571). Representatives of the Munitions Industry Department participated in the December launch preparatory meeting mentioned above (see figure VIII). It is noteworthy that Pak To-Chun, the Secretary, is one of a very limited number of officials who accompanied Kim Jong-Un when he inspected the Unha-3 prior to it being transported to the west coast launch facility (see figure IX) and to the General Satellite Control and Command Center, where he ordered and observed the launch on 12 December 2012 (see figure X).[19] Furthermore, Hong Sung-Mu, the Deputy Director, was next to Kim Jong-Un when he visited the west coast facility on 14 December 2012 (see figure XI). These are clear indications that the Munitions Industry Department had an important role in this launch. Already in April 2009, the only two persons reported to have accompanied Kim Jong-Il during the launch of

[17] Korean name: 제2자연과학원.

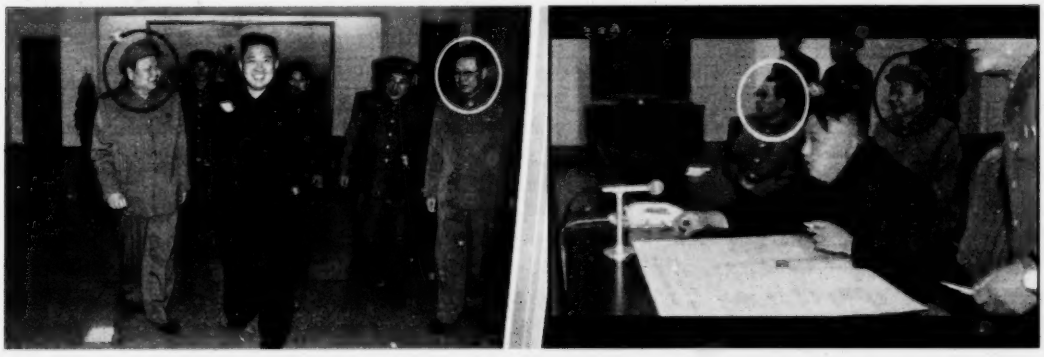
[18] Also known as the Military Production Arms Department, the Military Supplies Industry Department, the Machine Industry Department or the Machine Building Industry Department of the KPW Central Committee.

[19] The other official who accompanied Kim Jong-Un was Jang Song-Thaek, Vice-Chairman of the National Defence Commission. "Kim Jong-Un observes satellite launch processes", *KCNA*, 13 December 2012.

the Unha-2 were Jon Pyong-Ho, the predecessor of Pak To-Chun, and Ju Kyu-Chang, who is now the Director of the Munitions Industry Department.[20]

Figure IX
Kim Jong-Un inspecting the Unha-3 with Pak To-Chun (right) and Choe Chun-Sik (left)

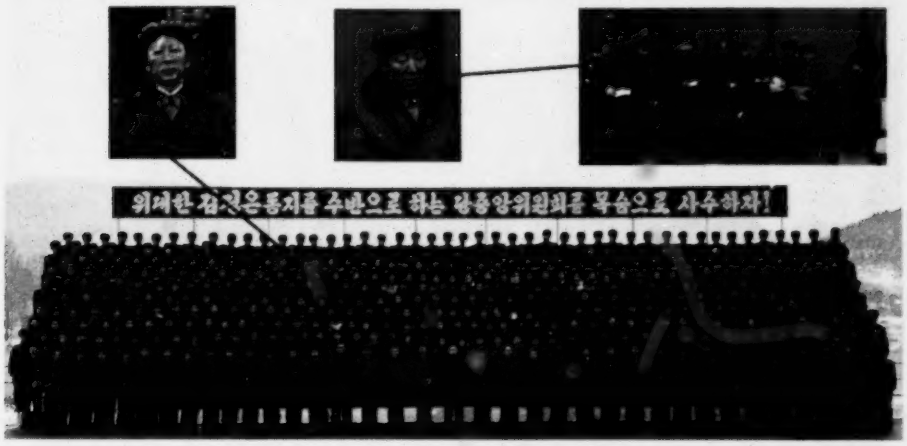
Figure X
Kim Jong-Un visiting the with Pak To-Chun (red) and Jang Song-Thaek (yellow) on 12 December 2012



Source: Kyodo via AP Images (left) and KCTV documentary.

[20] "Kim Jong-Il observes launch of satellite Kwangmyongsong-2", *KCNA*, 5 April 2009.

Figure XI
Kim Jong-Un visiting west coast facility with Hong Sung-Mu (14 December 2012)



Source: AFP Photo/KCNA via KNS.

38. In March 2013, the Supreme People's Assembly decided to establish the State Space Development Bureau as "a State central institution which guides and manages the supervision and control over the working out of a space development programme".[21] The Panel considers that this organization will inherit or incorporate the principal functions performed by KCST, which was designated by the Security Council in January 2013.

39. Among the 101 individuals who received the title of Hero of the Democratic People's Republic of Korea on 23 December 2012 for their contributions to the launch, Choe Chun-Sik, Director of SANS,[22] was the only one whose name was disclosed.[23] He was spotted several times next to Kim Jong-Un during preparatory meetings and various celebratory gatherings, the latter being a clear reward for his leading role (see figure XII). He and Ri Ung-Won, reportedly Chief Secretary of the State Academy of Sciences,[24] are among the few named in the Democratic People's Republic of Korea media after an official photo session with Kim Jong-Un on 30 December 2012.[25] Finally, Ri was first named among the scientists, technicians, workers and officials who were awarded various distinctions on 30 January 2013 for their contributions to the launch.[26]

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[21] "DPRK SPA decides to set up State Space Development Bureau", *KCNA*, 1 April 2013.

[22] SANS was designated on 7 March 2013 for its involvement in research and development of advanced weapons systems, including missiles and probably nuclear weapons.

[23] "Title of DPRK Hero awarded to contributors to successful launch of satellite", *KCNA*, 23 December 2012.

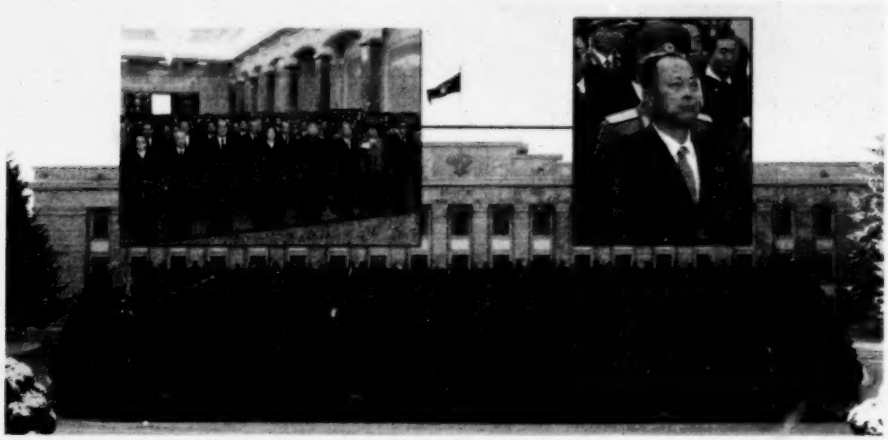
[24] Korean name: 국가과학원.

[25] "Kim Jong-Un has photo session with those who contributed to successful satellite launch", *KCNA*, 30 December 2012.

[26] "Contributors to successful satellite launch awarded State decorations", *KCNA*, 2 February 2013.

Figure XII

Choe Chun-Sik next to Kim Jong-Un during a ceremony (17 December 2012) and a photo opportunity for the personnel involved in the launch (30 December 2012)



Source: AFP Photo/KCNA via KNS (top) and AFP/Getty Images (bottom).

40. **The Panel recommends that the Committee designate the following entities and individuals[27] for their role in and support for the ballistic missile programmes of the Democratic People's Republic of Korea:**

- The Munitions Industry Department of the Central Committee of the Korean Workers' Party
- The State Space Development Bureau
- Ju Kyu-Chang, Director, KWP Munitions Industry Department
- Jon Pyong-Ho, former Director, KWP Munitions Industry Department
- Pak To-Chun, Secretary, KWP Munitions Industry Department
- Hong Sung-Mu, Deputy Director, KWP Munitions Industry Department
- Choe Chun-Sik, Director, Second Academy of Natural Sciences
- Ri Ung-Won, Chief Secretary, State Academy of Sciences

C. Other weapons of mass destruction programmes

41. The Panel remains highly concerned about possible advances by the Democratic People's Republic of Korea in research and production in pursuit of other weapons of mass destruction programmes.[28] No updated information concerning these programmes was obtained by the Panel during the period under review. The Democratic People's Republic of Korea is one of only six States that have

[27] Two members of the Panel have concerns about the designation of officials of the Munitions Industry Department.

[28] The 2012 defence white paper of the Republic of Korea estimates that the Democratic People's Republic of Korea has about 2,500 to 5,000 tons of various chemical weapons stored across the country.

neither signed nor acceded to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction.[29] Those assisting the Democratic People's Republic of Korea or participating in joint projects involving biological and chemical research should exercise care to avoid inadvertently contributing to the advance of weapons programmes.

VI. Export- and import-related measures

42. During the reporting period, the Security Council refined and expanded trade-related measures initially imposed in resolution 1718 (2006). By its resolution 2087 (2013), the Security Council revised the lists of nuclear and ballistic missile-related items subject to sanctions, and by resolution 2094 (2013), the Security Council decided to prohibit eight additional items. It also imposed a baseline definition of luxury goods (see annex I regarding the new measures, such as the vigilance, brokering and catch-all clauses contained in resolutions 2087 (2013) and 2094 (2013), and annex II for the current list of prohibited items).

A. Implementation of the embargo on nuclear, other weapons of mass destruction and ballistic missile-related items

43. The Panel has continued to acquire evidence showing the unceasing attempts of the Democratic People's Republic of Korea to procure and transfer prohibited items related to nuclear and missile programmes. The country's proliferation activities remain a significant threat to international peace and security. Two Member States reported to the Committee that they had seized shipments containing items prohibited by paragraph 8 (a) (ii) of resolution 1718 (2006). The Panel has also learned about and initiated investigations into other possible incidents in violation of this paragraph. Below, newly reported incidents are first described, followed by updates on the status of investigations previously reported.

Missile-related shipment seized by the Republic of Korea

44. In July 2012, the Republic of Korea reported to the Committee that it had inspected and seized an illicit shipment of missile-related items on board the container vessel *Xin Yan Tai* operated by China Shipping Container Lines while in transit at the Port of Busan in May 2012. The cargo, which originated from Tianjin, China, and was destined for Lattakia, Syrian Arab Republic, contained about 10 metric tons of graphite cylinders, falsely declared as lead pipes. The result of laboratory tests conducted by the Republic of Korea showed that these graphite cylinders were "fine grain graphite" defined by item 6.C.3[30] of S/2012/235, the export of which by the

[29] The six States are Angola, Egypt, the Democratic People's Republic of Korea, Somalia, South Sudan and the Syrian Arab Republic.

[30] Fine grain graphites with a bulk density of at least 1.72 g/cc measured at 15°C and having a grain size of 100 x 10-6 m (100 µm) or less, usable for rocket nozzles and re-entry vehicle nose tips, which can be machined to any of the following products:

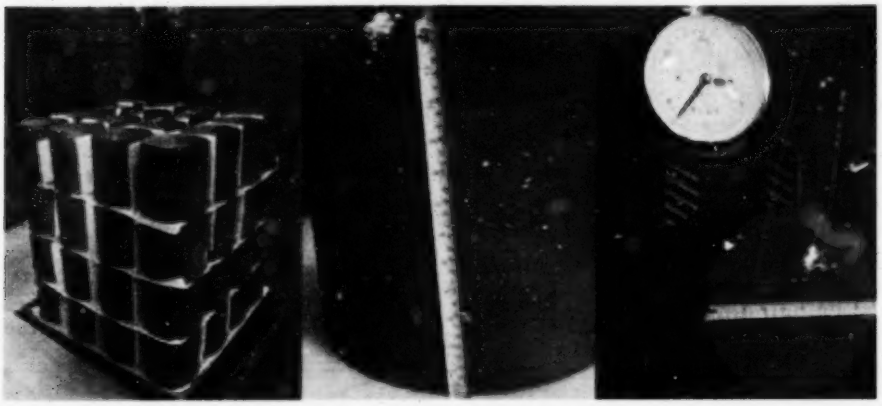
(a) Cylinders having a diameter of 120 mm or greater and a length of 50 mm or greater;

(b) Tubes having an inner diameter of 65 mm or greater and a wall thickness of 25 mm or greater and a length of 50 mm or greater; or

(c) Blocks having a size of 120 mm x 120 mm x 50 mm or greater.

Democratic People's Republic of Korea is prohibited under paragraph 8 (b) of resolution 1718 (2006).[31] The Panel inspected the seized items in August 2012.

Figure XIII
Graphite cylinders seized by the Republic of Korea



Source: Panel of Experts.

45. The bill of lading (see annex IV) names the shipper, Dalian Haicheng International Freight Agency Co. Ltd., and the consignee, Electric Parts Company. According to the Republic of Korea, the real consignor is a branch of Korea Tangun Trading Corporation, an entity designated by the Committee on 16 July 2009. According to China, its investigation revealed that the Syrian company purchased the items through a middleman in China. They further indicated that the Chinese company was unaware of the real nature of the cargo and that penalties would be imposed on any Chinese entity found to have violated Security Council measures. The Panel needs to obtain further information regarding the role of Dalian Haicheng International Freight Agency as well as of other entities or individuals possibly involved and determine whether the items were produced in and originated from the Democratic People's Republic of Korea or were acquired by it in another country.

46. According to the Panel's investigation, Electric Parts Company, the consignee, shares an address, telephone and fax number with Megatrade, a known front company for the Syrian Scientific Studies and Research Centre.[32] The Panel previously reported the Centre's involvement in several violations of sanctions (see paras. 57, 65 and 66 of S/2012/422 and para. 88 of the present report).[33]

[31] S/2012/235 is an update of S/2006/815, recently superseded by S/2012/947.

[32] See Council Implementing Regulation (EU) No. 944/2012 of 15 October 2012 implementing article 32 (1) of Regulation (EU) No. 36/2012 concerning restrictive measures in view of the situation in the Syrian Arab Republic.

[33] The Scientific Studies and Research Centre has been designated by the United States (notice HP-216 of 4 January 2007) and the European Union (Council Regulation (EU) No. 36/2012 of 18 January 2012) and identified by Japan as an entity of proliferation concern ("Foreign end user list" issued by the Ministry of Economy, Trade and Industry of Japan).

Attempt by officials of the Democratic People's Republic of Korea to obtain missile technology in Ukraine

47. It was publicly reported in June 2012 that the Ukrainian Security Services prevented an attempt by two nationals of the Democratic People's Republic of Korea to obtain classified missile design materials. Corroborating information provided by Ukrainian and Belarus authorities shows that these two individuals, Ryu Song-Chol and Ri Thae-Gil, were officials of the Democratic People's Republic of Korea accredited to its Trade Representative Office in Belarus (see passports in annex X).

48. In 2011, Ryu and Ri travelled to Ukraine and approached an employee of the State-owned Yuzhnoye Design Office (an entity formerly engaged in the development of medium-range to intercontinental ballistic missiles and now developing space launcher vehicles)[34] to obtain photographs of secret academic theses.[35] According to Ukrainian authorities, these would have provided the Democratic People's Republic of Korea with information on advanced technologies and new forms of technological processes for the design of missile systems, liquid-propellant engines, spacecraft and missile fuel supply systems and associated computer programmes. The Ukrainian national having reported this approach, the Ukraine Security Services arrested Ryu and Ri in the middle of a prearranged delivery. Both were sentenced in May 2012 to terms of imprisonment of eight years.

49. Officials and diplomats of the Democratic People's Republic of Korea have been involved in illicit activities even before the imposition of sanctions. Between 1993 and 1998, while he was the representative of the country to IAEA, Yun Ho-Jin (who was designated by the Committee in July 2009), was running an illicit procurement network and conducting other illicit and criminal activities out of his country's embassy in Vienna. It is regularly reported that intelligence officers of the Democratic People's Republic of Korea working under diplomatic cover in Berlin are particularly interested in acquiring technology and technical know-how about metal processing.[36] It is highly likely that similar activities are conducted out of the country's other embassies, diplomatic missions and commercial and trade missions abroad.

50. Diplomats of the Democratic People's Republic of Korea, or officials travelling on diplomatic or service passports,[37] have also been involved in numerous violations of the arms embargo. A diplomat and a KPA Senior Colonel travelling under diplomatic status (see annex XVII, sects. D and E) were involved in the illicit refurbishment of armoured vehicles and other military equipment in the Congo and used diplomatic bank accounts to transfer funds (see paras. 99 and 100). Documents related to Michael Ranger's attempt to broker Democratic People's Republic of Korea

[34] Yuzhnoye Design Office, www.yuzhnoye.com.

[35] The theses were entitled "Methods for predicting the capability of capillary intakes in fuel tanks of motor assemblies for spacecraft" and "Hydrodynamic processes in fuel tanks of spacecraft".

[36] See the 2008 annual report on the protection of the Constitution of the Federal Ministry of the Interior of Germany (pp. 273 and 274), www.bmi.bund.de.

[37] The Democratic People's Republic of Korea is known to have four types of passports: diplomatic passports, service passports, official (travel) passports and ordinary passports. Diplomatic passports are issued to diplomats, high-level officials (Vice-Minister or higher) of the Foreign Ministry and KWP and its subordinate offices. Service passports are issued to government officials other than diplomats working at embassies or trade representative offices. Official (travel) passports are issued to citizens of the Democratic People's Republic of Korea travelling or working abroad on official duty, including athletes and national company employees. Ordinary passports require special permission from the Government and are seldom issued.

man-portable air defence systems to Azerbaijan show that O Hak-Chol, his main contact in the Democratic People's Republic of Korea, was travelling under a diplomatic passport at least until 2004 and probably later (see para. 91). Diplomats of the Democratic People's Republic of Korea were also involved in several violations of the luxury goods embargo, including the export of eight Mercedes Benz vehicles from Austria and the attempt to export two yachts from Italy (see paras. 84 and 85 of S/2012/422).

51. In accordance with paragraph 24 of resolution 2094 (2013), countries hosting embassies, permanent missions or trade representative offices of the Democratic People's Republic of Korea (see annex XI) should be particularly vigilant regarding its diplomats and officials. As shown in the Ukraine case, neighbouring countries should also be vigilant if they share a common travel area.

Transporter-erector-launchers observed during the April 2012 military parade

52. As noted in paragraph 38 of its 2012 final report, the Panel continued to examine and gather information about new 8-axle transporter-erector-launchers that the Democratic People's Republic of Korea displayed during its April 2012 military parade[38] in order to determine if those vehicles had been procured in violation of the resolutions expressly prohibiting the transfer of transporter-erector-launchers,[39] related technology[40] and "all arms and related materiel".

Figure XIV
KN-08 missile on 8-axle transporter-erector-launcher

Source: Bobby Yip/Reuters.

[38] Two members of the Panel doubt the functionality of the transporter-erector-launchers displayed in the parade, just as some analysts doubted whether the KN-08 missiles displayed were genuine.

[39] Item 12.A.2 of S/2012/235 prohibits the transfer of "vehicles designed or modified for the transport, handling, control, activation and launching of 1.A". Item 1.A.1 includes "complete rocket systems" (including ballistic missile systems, space launch vehicles and sounding rockets) capable of delivering at least a 500 kg "payload" to a "range" of at least 300 km. S/2012/235 is an update of S/2006/815, recently superseded by S/2012/947.

[40] Item 12.E.1 of S/2012/235 prohibits the transfer of "technology" for the development, use or production of such a vehicle.

53. China briefed the Committee in October 2012 that their investigation showed that Hubei Sanjiang Space Wanshan Special Vehicle Company (hereinafter "Wanshan") had exported six lumber transporters to the Democratic People's Republic of Korea in 2011. They said that these vehicles had a substantive distinction from transporter-erector-launchers or missile transporters and could not be used for transporting or launching missiles. China further stated that there had been no violation of sanctions or Chinese law. When asked about the transporter-erector-launchers on 23 April 2012, a United States White House spokesman said that the United States had "raised the allegations with the Chinese Government [...] as part of [its] ongoing close consultations on North Korea". During private consultations on 12 February 2013 with the Panel, United States State Department officials stated their understanding that the export had not been of transporter-erector-launchers, but only of trucks.

54. China later furnished the Panel with a copy of the end user certificate provided by the Democratic People's Republic of Korea buyer (see annex XII, sect. A). Dated 5 November 2010, it stated that the "Democratic People's Republic of Korea Forestry Ministry Rim Mok General Trading Company, Limited" certified that "the six units of the off-road trucks (WS51200) which are imported from Wuhan Sanjiang Import and Export Company, Limited (China), according to the contract (contract No. IME10S054) are the vehicles for transporting the timbers in the Democratic People's Republic of Korea". Both Wuhan Sanjiang Import and Export Company and Wanshan are subsidiaries of the China Sanjiang Space Group.

55. The China Sanjiang Space Group's parent company,[41] the China Aerospace Science and Industry Corporation, announced on 19 October 2010 its first-ever export agreement with a non-governmental foreign customer for the sale of WS51200 vehicles worth RMB 30 million (see annex XII, sects. B and C). Its personnel had been negotiating with the customer since 2008 regarding this state-of-the-art special vehicle technology, which involved the adaptation of military technology for civilian use.[42]

56. Image analysis conducted by the United Nations Institute for Training and Research Operational Satellite Applications Programme concluded that features of the cab's fronts and sides, the fenders, the exhaust systems, fuel tanks and tires of the vehicles seen on parade exactly matched those of the WS51200 series advertised by Wanshan. This analysis is based on all available parade images, including a satellite image, and public commercial information from the China Aerospace Science and Industry Corporation (see photographs in annex XII, sects. D and E).

57. On the basis of the information currently available, the Panel considers it most likely that the Democratic People's Republic of Korea deliberately breached the end user guarantee that it officially provided to Wuhan and converted the WS51200 trucks into transporter-erector-launchers. While nothing in the resolutions prohibits the export of lumber transporters to the Democratic People's Republic of Korea, the particulars of the transaction remain unclear and the Panel will continue its investigations.

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[41] www.sanjspace.com.

[42] Two members of the Panel consider that the press release from the company indicates that military technology was used in the manufacture of the lumber transporters, rather than incorporated into features of the civilian trucks.

58. The Panel emphasizes that Member States are now called upon in paragraph 22 of resolution 2094 (2013) to deny the export to the Democratic People's Republic of Korea of any items that they determine could contribute to its nuclear and missile programmes, even when official assurances have been provided.

Acquisition by the Democratic People's Republic of Korea of computer numerically controlled machine tools and technology

59. In March 2013, Kim Jong-Un officially directed that computer numerically controlled (CNC) technology be incorporated into the atomic energy industry of the Democratic People's Republic of Korea, a sector also tasked with the development of nuclear weapons.[43] The Democratic People's Republic of Korea also assigns strategic importance to computer numerically controlled technology in its military industry, especially ballistic missile programmes. Certain computer numerically controlled machine tools with nuclear and ballistic missile-related applications are at present included in the lists of items whose export and import are prohibited by the resolutions.[44] There is, however, broad consensus among technical experts that the Democratic People's Republic of Korea could make effective use in its illicit programmes of machine tools outside current parameters.

Figure XV
Kim Jong-Il visiting a factory using computer numerically controlled machines in Huichon, Jagang Province, Democratic People's Republic of Korea (May 2009)

Source: AP/KCNA via KNS.

60. The Panel's research shows that the Democratic People's Republic of Korea, in the past, illegally acquired computer numerically controlled machine tools and related equipment from companies based in Taiwan Province of China. This machinery and equipment were classified as strategic high-tech items, and their export to the Democratic People's Republic of Korea was prohibited by law. In every instance, the

[43] Kim Jong-Un stated that "CNC technology and unmanned technology should be introduced in equipment and production processes in the field of atomic energy industry". "Kim Jong-Un's report at March 2013 plenary meeting of the Central Committee, WPK", *Rodong Sinmun*, 2 April 2013.

[44] Computer numerically controlled machine tools have various nuclear and missile applications, such as to shape solid propellant motor nozzles or re-entry vehicle nose tips.

Panel confirmed press reporting through court documents that it was able to obtain online. These records give details of these incidents:

- Various items, including industrial computers, exported by Royal Team Corporation in 2006 and 2007[45]
- One horizontal machining centre exported by Ching Hwee International Trading Company Limited in June 2006 to Ryonha Machinery Joint Venture Corporation, designated by resolution 2087 (2013)[46]
- Three computer numerically controlled machine tools exported by Ho Li Enterprises Limited in June 2010 (see para. 61 of S/2012/422) [47]

61. The Democratic People's Republic of Korea is also suspected of acquiring advanced machine tools from the United States.[48] On 6 May 2013, the United States indicted two individuals[49] who are alleged to have laundered money and conspired to export machine tools for use in the production of weapons of mass destruction to the Democratic People's Republic of Korea in 2008 and 2009. The Panel will investigate this incident.

62. The efforts of the Democratic People's Republic of Korea to acquire restricted goods and technology continue, as shown by a failed attempt in 2011 (see para. 62 of S/2012/422). In this instance, the Democratic People's Republic of Korea made use of an intermediary to try to obtain a 5-axis machining centre with missile-related applications. The Panel is aware that the Democratic People's Republic of Korea has also looked elsewhere for advanced equipment and technological know-how. The diplomats of the Democratic People's Republic of Korea accredited to Germany, for example, have made attempts to acquire various computer numerically controlled machine tools there.[50]

63. The pursuit by the Democratic People's Republic of Korea of technical information is more difficult to detect and prevent than its efforts to acquire equipment. In 2010 and 2011 (and likely before and after), ethnic Korean specialists on automation technology living abroad collectively conducted technical assessments of various high-end computer numerically controlled machines on behalf of an entity related to the Democratic People's Republic of Korea.[51] Even though these experts likely exploited only openly available commercial information for technical

[45] Criminal sentence handed down by the Taipei district court, Taiwan Province of China, 24 March 2008. Judgment No. (Y) 381, FY 2008, http://jirs.judicial.gov.tw.

[46] Criminal sentence handed down by the Taichun district court, Taiwan Province of China, 15 August 2007. Judgment No. 3665, FY 2007, http://jirs.judicial.gov.tw.

[47] Criminal sentence handed down by the Shihlin district court, Taiwan Province of China, 29 February 2012. Judgement No. (SJ) 1281, FY 2011, http://jirs.judicial.gov.tw.

[48] "United States of America v. Criminal Complaint Hsien Tai Tsai, also known as 'Alex Tsai'", United States District Court, Northern District of Illinois, Eastern Division, AO 91 (REV.5/85) Criminal Complaint, 23 October 2012, http://dig.abclocal.go.com/wls/documents/alex-tsai-complaint.pdf.

[49] The two individuals indicted are residents of Taiwan Province of China; one had been designated by the United States Treasury Department in 2009 for supplying goods with weapons production capabilities to the Korea Mining Development Trading Corporation. *United States Federal Register*, vol. 74, No. 22, p. 6085.

[50] "Interview with President Heinz Fromm of the German Federal Office for the Protection of the Constitution", *Sankei Shimbun*, 1 April 2009.

[51] Confidential information available to the Panel.

insights, their activities may be in breach of resolutions, should it be determined that this information could contribute to prohibited programmes.

64. The country's own industry produces and exports computer numerically controlled machines. Ryonha Machinery Corporation (which the Panel has determined is an alias used by the recently designated Ryonha Machinery Joint Venture Corporation (see para. 136)) advertises its computer numerically controlled machine tools for export to other countries in publications of the Democratic People's Republic of Korea. Pamphlets obtained by the Panel show a variety of products but not their detailed specifications (see annex XXI, sect. B). The Panel suspects the quality to be low, but does not know if these machines fall within the specifications set out by the Security Council.

65. The Panel considers that transfers to and from the Democratic People's Republic of Korea of computer numerically controlled machines and technical know-how, including with parameters outside those specified on lists of prohibited items, could contribute to banned programmes and pose a significant risk. It urges Member States to employ due diligence and utilize, where appropriate, the catch-all provision in paragraph 22 of resolution 2094 (2013).

Suspected nuclear-related shipment seized by Japan

66. In March 2013, Japan reported to the Committee that in August 2012 it had inspected a cargo at the Port of Tokyo containing aluminium alloys, suspected to be nuclear-related, that originated from the Democratic People's Republic of Korea. The Panel has yet to inspect these items or obtain further information about the entities involved. The Panel will report the result of its investigation to the Committee in due course.

Cooperation between the Democratic People's Republic of Korea and other countries

67. The Panel notes with concern the Agreement on Scientific and Technical Cooperation signed between the Democratic People's Republic of Korea and the Islamic Republic of Iran in September 2012, reportedly in the presence of the Vice-President of the latter and the head of its Atomic Energy Organization, Fereydoun Abbasi-Davani, who was designated by resolution 1747 (2007) for being involved in the nuclear or ballistic missile activities of the Islamic Republic of Iran, and of the Minister of Defence and Armed Forces Logistics, Ahmad Vahidi.[52] The two countries operate sensitive nuclear programmes relevant for the production of nuclear weapons and have previously collaborated on missile development.

68. In spite of repeated calls by IAEA to cooperate fully regarding unresolved issues related to the Dair Alzour site, very likely to have been a nuclear reactor built with the assistance of the Democratic People's Republic of Korea, no progress has been made during the reporting period owing to non-cooperation on the part of the Syrian Arab Republic.[53] The Panel underscores that the Syrian Arab Republic is

[52] See "MOU signed between DPRK and Iran", KCNA, 2 September 2012. The Panel notes that the presence of these two individuals was not reported by Iranian media. See "Supreme leader: Iran, N. Korea have common enemies", *Fars News Agency*, 1 September 2012.

[53] Statements by the IAEA Director General during the IAEA Board of Governors meetings in June, September and November 2012 and March 2013, as well as the IAEA General Conference held in 2012, available from www.iaea.org.

involved in one third of all weapons of mass destruction and arms-related incidents of non-compliance investigated by the Panel (see paras. 44-46, 86-89 and 121 of the present report, paras. 57, 65 and 66 of S/2012/422 and para. 62 of S/2010/571). These incidents prove the persistence of close ties between the two countries, which continue to be a matter of serious concern.

69. The announcement by the Government of Myanmar, in advance of a visit by the United States President, Barack Obama, in November 2012, that it would sign the Additional Protocol to the Comprehensive Safeguards Agreements is an important step, given the close traditional military relationship between the Democratic People's Republic of Korea and Myanmar and the likelihood of past violations of sanctions. The Panel plans to engage with the Government of Myanmar in discussing its implementation of the resolutions related to the Democratic People's Republic of Korea.

B. Implementation of the arms embargo

70. The Panel has learned of an earlier violation involving a large cargo of rocket fuses and of two recent potential violations involving submarine and aircraft parts. The Panel completed investigations in one of these cases, as well as in previously reported incidents of non-compliance. Other investigations are continuing.

1. Investigations closed during this mandate

Rocket fuses seized in March 2008

71. In June 2012, the Panel obtained information from a Member State about its seizure in March 2008 of two containers of rocket fuses shipped from the Democratic People's Republic of Korea in violation of paragraph 8 (b) of resolution 1718 (2006).[54] Because reporting on cargo inspection and seizure became a requirement only upon the adoption of resolution 1874 (2009), there was no obligation at the time to report to the Committee.

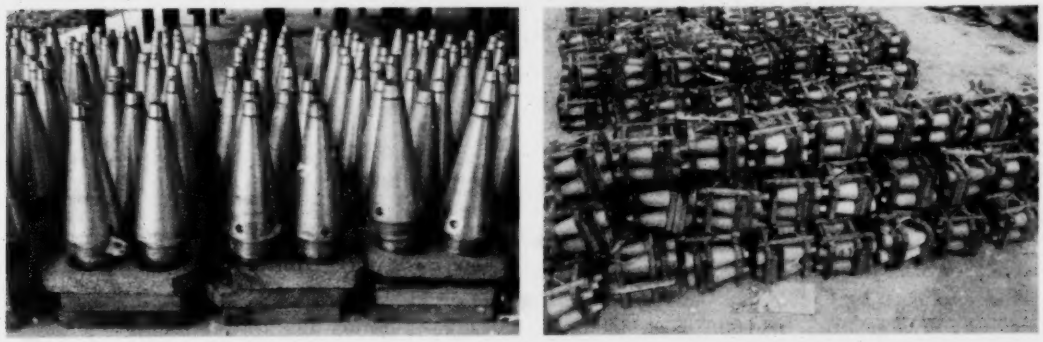
72. This shipment had originated from the Democratic People's Republic of Korea and its declared ultimate destination was Bandar Abbas, Islamic Republic of Iran. As usual for containers originating from Nampo port, they were shipped to Dalian, China, where they were trans-shipped on a container ship operated by a major maritime carrier left unaware of their origin from the Democratic People's Republic of Korea owing to changes in documentation.

73. The shipper and consignee were entities named New Hap Heng Investment and Trading Company Limited and Arshia Trading Company. According to the Member State, the former is affiliated with the Korea Mining Development Trading Corporation, designated by the Committee in April 2009 for its involvement in arms and ballistic missile-related transfers. The latter is affiliated with the Shahid Bagheri Industries Group, designated by the Security Council under resolution 1737 (2006) for its involvement in the ballistic missile programmes of the Islamic Republic of Iran.

[54] This paragraph prohibited the Democratic People's Republic of Korea from exporting large-calibre artillery systems and missiles and missile systems as defined for the purpose of the United Nations Register on Conventional Arms, or related materiel, including spare parts.

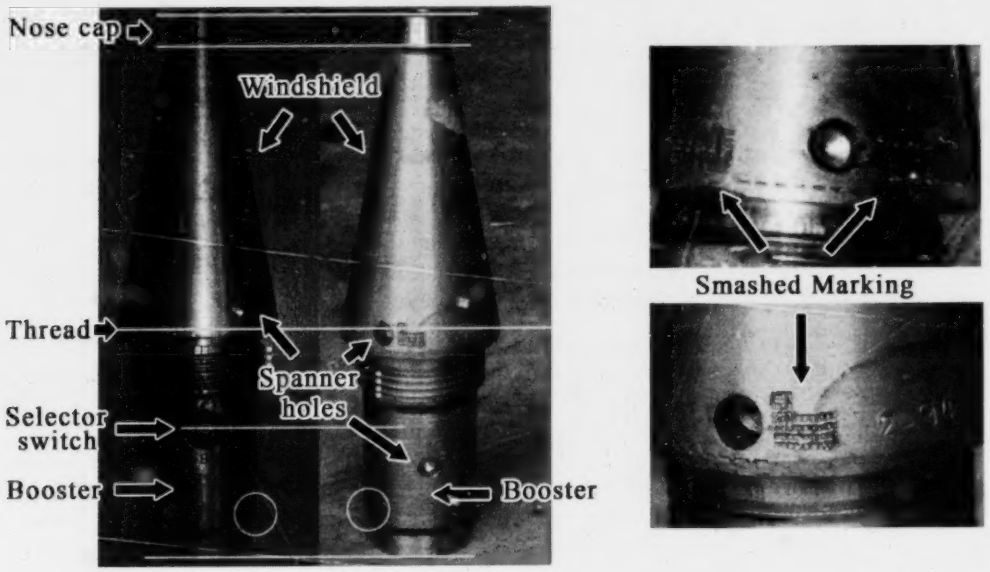
74. This shipment, declared as "generator parts", contained 5,000 point detonating fuses for unguided rockets and related materiel, such as setting devices and cables to connect the firing mechanism (see figure XVI). These fuses are identical to fuses found in the arms shipment seized in Bangkok in December 2009 (see paras. 75-79). It is noteworthy that, in both instances, some of their markings had been smashed (see figure XVII), possibly to prevent the identification of the producer.

Figure XVI
Rocket fuses and related material seized in March 2008



Source: Panel of Experts.

Figure XVII
Fuses seized in March 2008 (left) and December 2009 (right)

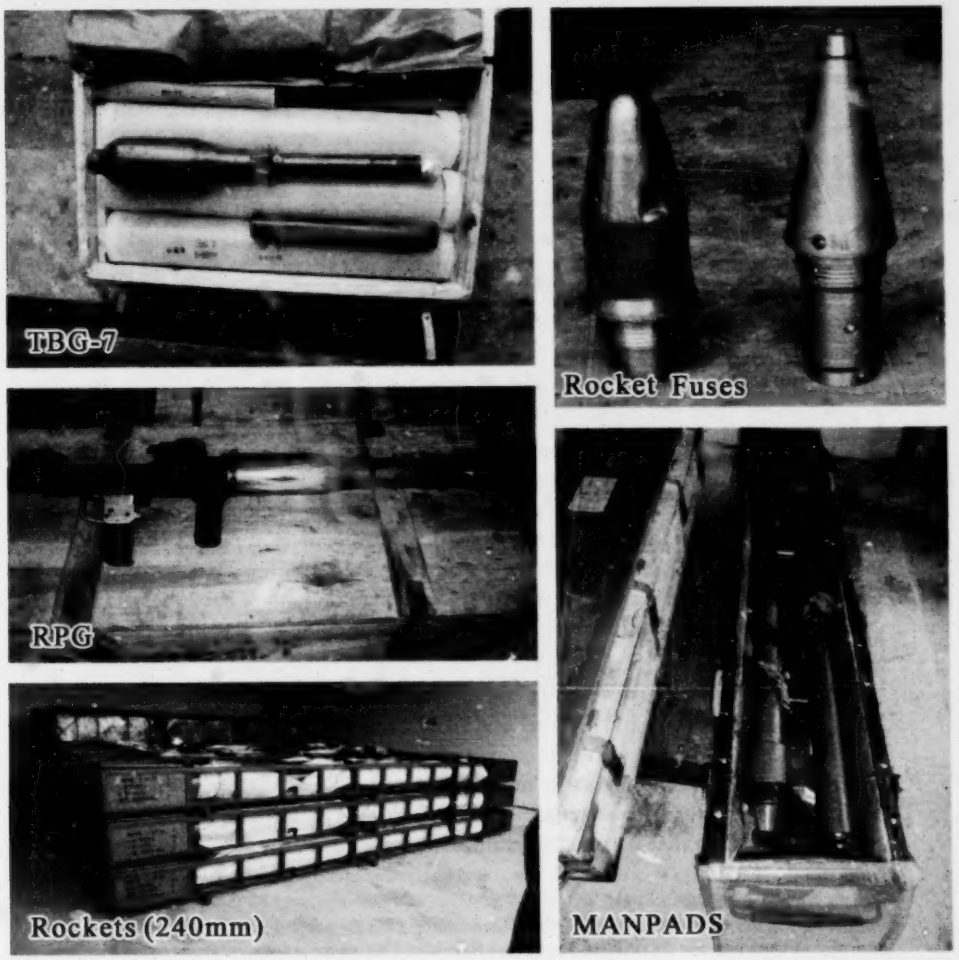


Source: Panel of Experts.

Arms shipment seized by Thailand in December 2009

75. The Panel has concluded its investigations into the arms shipment seized by Thailand on board an IL-76 on 11 December 2009. The plane had departed from Sunan International Airport (Democratic People's Republic of Korea) and was declared to be carrying 145 crates of "mechanical parts". The inspection revealed that the cargo consisted of some 35 tons of conventional arms and munitions, including 240-mm rockets, rocket-propelled grenades and man-portable air defence systems, valued at over US$ 16 million (see figure XVIII). This remains one of the largest seizures ever made in connection with the sanctions regime against the Democratic People's Republic of Korea. This shipment constituted a clear violation of paragraph 9 of resolution 1874 (2009) prohibiting the export by the Democratic People's Republic of Korea of all arms and related materiel.

Figure XVIII
Cargo found on board the 4L-AWA



Source: Panel of Experts.

76. The complex chain of ownership of both the cargo and aircraft required a lengthy investigation. The Panel requested information from over 12 Member States directly or through INTERPOL, as well as from researchers and journalists who investigated the case. Requests sent to the United Arab Emirates (2011) and China (2012) remain unanswered.

77. While the Panel could not confirm the identities of the actual Democratic People's Republic of Korea consignor and Iranian consignee, it secured a large body of evidence pointing to the active role and responsibility in this illicit transfer of Aleksandr Viktorovich Zykov, a Kazakhstan national, and of his long-time associates Iurii Lunov and Igor Karev-Popov, Ukraine nationals (see copies of passports in annex XIII, sect. B).

78. Numerous particulars of the case show that these individuals contributed to structuring the shipment in such a way as to avoid detection, confirming their awareness of the illicit nature of the transfer. Aleksandr Zykov, Director of the air company East Wing, orchestrated multiple changes of ownership of the aircraft to obscure its actual ownership, ultimately retaining control through his wife, Svetlana Zykova, and his associates' company, SP Trading. The documents relating to the cargo and the flight revealed countless irregularities that could not be ignored, unless they chose to do so, by Iurii Lunov and Igor Karev-Popov, who the Panel determined were the actual owners of SP Trading. More details can be found in annex XIII, section A, with documentary evidence gathered during this investigation in annex XIII, sections C to J.

79. Considering the evidence as a whole, the Panel can only conclude that these three individuals were aware of the illicit nature of the transfer and that their actions contributed to activities prohibited by the resolutions. **Therefore, pursuant to paragraph 27 of resolution 2094 (2013), which calls upon the Committee to designate individuals who contributed to activities prohibited by the resolutions, including prior to the adoption of resolution 2094 (2013), the Panel recommends that the Committee designate Aleksandr Viktorovich Zykov, Iurii Lunov and Igor Karev-Popov.**

Alleged seizure of rockets in the Indian Ocean in May 2011

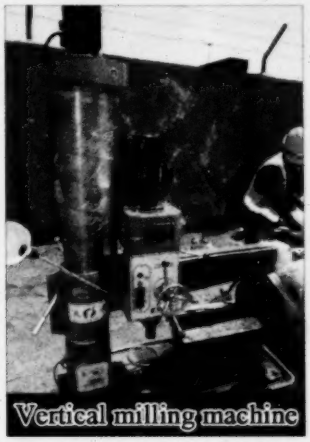
80. The Panel determined that the press had erroneously reported the interdiction of a vessel allegedly carrying rockets or explosives travelling in May 2011 from the Democratic People's Republic of Korea (see para. 68 of S/2012/422). The Panel confirmed with the authorities of an East African country that they had inspected cargo destined for Eritrea suspected at that time of containing prohibited items from the Democratic People's Republic of Korea. Since it did not contain any such items (see figure XIX),[55] the container was returned to the shipping company (see cargo manifest in annex XIV).

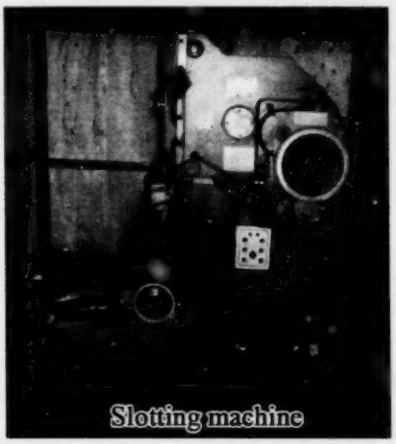
81. The Member State acted in accordance with its obligation to inspect cargo to or from the Democratic People's Republic of Korea when there are reasonable grounds to believe that it contains prohibited items, and was also right to release the

[55] Inspection of the container revealed that it contained several machine tools and related equipment destined for the Public Technical Services Center, an entity related to the Ministry of Agriculture, Government of Eritrea. Technical analysis concluded that none of them were prohibited under resolutions 1718 (2006) and 1874 (2009).

items after inspection. It failed, however, to submit a report promptly to the Committee as required. It emerged that some Member States mistakenly assumed that paragraph 15 of resolution 1874 (2009) required them to report only inspections leading to the seizure of prohibited items, as under other Security Council sanctions regimes,[56] and not on any inspection undertaken.

Figure XIX
Cargo inspected and cleared for delivery to Eritrea





Source: Panel of Experts.

2. Ongoing investigations

Submarine parts allegedly seized early in 2011

82. The Panel obtained information from multiple sources regarding the interception in 2011 of submarine parts shipped from a European country to a South-East Asian country by air, with the suspected involvement of a Democratic People's Republic of Korea entity. The Panel is aware of ongoing investigations into this case by a Member State and will continue its inquiries.

Attempt to acquire fighter jet aircraft parts from Mongolia

83. In November 2012, the Democratic People's Republic of Korea reportedly complained to Mongolia that parts for fighter jet aircraft that it had purchased were never delivered. Mongolian authorities launched an investigation, and its anti-corruption agency learned of a US$ 1.5 million contract signed in 2011 by a former Mongolian Air Force Commander to provide the Democratic People's Republic of Korea with engines, other spare parts and scrap from about 20 disused MiG-21 jets, according to press reports.[57] It also discovered that the engines and parts were shipped but never reached their destination. The Panel has been in

[56] For example, paragraph 9 of resolution 1907 (2009) requires any Member State to submit a report to the Sanctions Committee concerning Eritrea only "when it finds items the supply, sale, transfer or export of which is prohibited".

[57] "Mongolian general under investigation in attempted sale of fighters to North Korea", *Associated Press*, 12 April 2013.

contact with Mongolia to confirm that report and flag relevant sanctions provisions that would prevent the restitution of funds paid by the Democratic People's Republic of Korea, and Mongolia responded promptly.

84. Paragraph 11 of resolution 2094 (2013) specifies that Member States shall freeze any financial or other assets or resources subject to their jurisdiction associated with activities contributing to the violation or evasion of measures imposed by the resolutions. Sale of fighter jets parts to the Democratic People's Republic of Korea would constitute a violation of paragraph 10 of resolution 1874 (2009). If confirmed, the Panel would also seek to notify others that may have been involved that this shipment of fighter jet aircraft engines and parts is subject to seizure and disposal in a manner that prevents acquisition by the Democratic People's Republic of Korea.

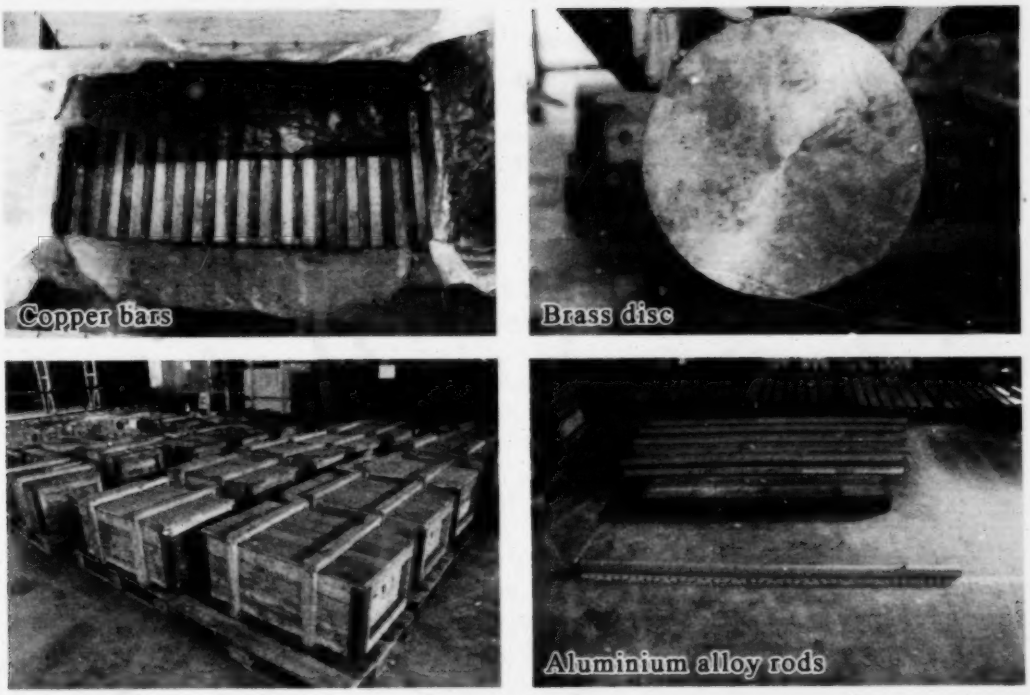
85. This potential incident echoes information previously provided to the Panel about a sale of 32 retired fighter jet aircraft prevented by a Member State in 2009 on suspicion that the aircraft were destined for the Democratic People's Republic of Korea (see para. 74 of S/2012/422).

Arms-related material seized by France in November 2010

86. In February 2013, the Panel examined the cargo seized in November 2010 that was on the *San Francisco Bridge* (see para. 67 of S/2012/422). This shipment was declared as containing "copper bars and plates" (see bill of lading in annex XV, sect. A). Inspection revealed military-specific items (brass discs) and other items with possible military uses (aluminium alloy rods and copper bars) (see figure XX).

87. French authorities briefed the Panel on laboratory tests and other analysis that showed that the sole use for the 1,800 brass discs containing silicon was to produce case tubes for artillery ammunition. The Panel is seeking further information on the discs, including whether they were produced in the Democratic People's Republic of Korea or elsewhere (see technical certificate in annex XV, sect. B).

Figure XX
Pictures of items seized by France



Source: Panel of Experts.

88. According to the bill of lading, the shipper is Jing Huan Trade Company Limited; French authorities described it to the Panel as a company based in Dandong, China (with an office in Pyongyang), acting as a front company for Korea Ryongbong General Corporation, an entity designated by the Committee in April 2009.[58] They similarly identified the consignee, the Company of Metallic Constructions and Mechanical Industries, also known as Handasieh, as a front company for the Scientific Studies and Research Centre of the Syrian Arab Republic,[59] an entity associated with prior incidents of non-compliance (see para. 46). Furthermore, French authorities explained to the Panel that shipping documents contain references to a contract number known to cover military contracts of the Democratic People's Republic of Korea (see annex XV, sect. C).

89. The Panel has so far been able to trace the shipment as far back as COSCO Logistics, a freight forwarder in Dalian known to be engaged in the Democratic People's Republic of Korea market. This information increases the likelihood that

[58] Many Member States implementing sanctions use the spelling "Ryongbong" interchangeably with "Ryonbong" to refer to Korea Ryonbong General Corporation, although "Ryongbong" is not a listed alias for Ryonbong, and in Korean the spelling of these two names is different. The substitution of one spelling for another also frequently occurs in press articles.

[59] Handasieh has been designated by the European Union (Council Implementing Regulation No. 1244/2011 of 1 December 2011) and the United States (fact sheet on increasing sanctions against the Syrian Arab Republic, United States Department of Treasury, 18 July 2012).

the cargo originated there. The Panel requested assistance from Member States to confirm this finding and obtain the identity of the consignor.

Attempted exports of man-portable air defence systems

90. In July 2012, Michael Ranger was convicted in the United Kingdom of Great Britain and Northern Ireland of attempting to sell Azerbaijan between 70 and 100 man-portable air defence systems produced in the Democratic People's Republic of Korea and other items in 2008.[60] Court documents and information that the Panel obtained in an interview with Mr. Ranger offer a rare insight into the arms-selling practices of the Democratic People's Republic of Korea.

91. Mr. Ranger told the Panel that he had done business with representatives of Hesong Trading Corporation, identified by several Member States as a subsidiary of the Korea Mining Development Trading Corporation, since 2004 (see annex XVI, sect. A). He was in regular e-mail correspondence with O Hak-Chol (see diplomatic passport in annex XVI, sect. B), his primary contact at Hesong, and occasionally met him and two other representatives of the Democratic People's Republic of Korea at public places (hotels, restaurants and bars) in third countries where the Democratic People's Republic of Korea maintained embassies.[61] At those meetings, Mr. Ranger said that they would never mention whom they were representing or name superiors. The operatives' tight-lipped restraint with a business partner is indicative of the challenge of obtaining reliable information on details and entities involved in illicit transfers.

92. Mr. Ranger was unable to conclude the deal for man-portable air defence systems because of unbridgeable differences over quantities and phasing of delivery.[62] Had the deal been concluded, uncontested parts of the negotiations showed that the arms would have been delivered using a chartered cargo (IL-76) or passenger (IL-18) aircraft at an estimated cost of US$ 250,000 to US$ 300,000.

93. Transportation costs figure significantly in the country's calculus over terms. Information obtained in the Ranger investigation shows that the Democratic People's Republic of Korea looks carefully at the bottom line and rejects orders for small quantities because of higher per-unit manufacturing and/or transport costs. The Panel learned that the country's limited direct connections with mainstream shipping companies have posed a major obstacle to finalizing some deals. The Democratic People's Republic of Korea has had to use charter feeder vessels to carry cargo to regional hubs in neighbouring countries, which increase the transport costs of arms. To keep costs down, it has insisted on using nearby ports for trans-shipment, none farther than the ports of Hong Kong, China, or Kaohsiung, Taiwan Province of China.

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[60] To avoid prejudicing the outcome of Mr. Ranger's subsequent appeal, the Panel postponed portions of its investigation, which it will soon resume. His appeal against the Court's decision was denied in March 2013.

[61] Mr. Ranger said that he met his main contact, O Hak-Chol, and the others in Nepal and Malaysia. Other available information suggests that O Hak-Chol had postings to embassies of the Democratic People's Republic of Korea in Cuba, Peru and Yemen.

[62] The buyers insisted on acquiring a sample lot of 10 man-portable air defence systems to be tested in Azerbaijan before guaranteeing further purchase, while the Democratic People's Republic of Korea insisted that testing would be in its territory and on a guaranteed order of 70.

94. Hesong representatives told Mr. Ranger that products available for sale included modern and vintage small arms and light weapons, GPS jammers, multiple launch rocket systems, and (extraordinarily) ballistic missiles with a range of up to 3,500 km.[63] He was never shown samples of the weapons before purchase. Mr. Ranger indicated that the Democratic People's Republic of Korea had recently begun pricing its weapons in euros instead of United States dollars. Among the weapons he obtained, Mr. Ranger said that he never came across anything sourced from a country other than the Democratic People's Republic of Korea.[64]

95. **The Panel recommends that the Committee designate Hesong Trading Corporation and O Hak-Chol as subject to the measures of paragraphs 8 (d) and 8 (e) of resolution 1718 (2006) for activities prohibited by the resolutions.**

Arms-related shipment seized by South Africa in November 2009

96. While the Panel did not yet have a chance to examine the goods seized by South Africa in November 2009 (see para. 71 of S/2012/422), it obtained further details about earlier deliveries of arms-related materiel made by the Democratic People's Republic of Korea before the seizure. Despite the time elapsed, the maritime and air carriers were both able to provide relevant shipping documents indicating that all three shipments originated from or trans-shipped through China. Both were unaware of a connection between the Democratic People's Republic of Korea and the cargo.

97. Ethiopian Airlines was contracted by a company based in Beijing, Seajet Company Limited, to carry a shipment from Beijing Capital International Airport to the Congo using regular passenger flights (see bill of lading in annex XVII, sect. A). Seajet being linked to Air Koryo,[65] it is likely that the items originated from Sunan Airport and only trans-shipped in Beijing. The Panel has requested information from China regarding this analysis and the consignor. The large quantity and the nature of the items transported are noteworthy: no less than 5 tons, including such items as engines of main battle tanks and armoured vehicles (see annex XVII, sect. C).

98. The Panel also obtained additional information from CMA CGM about two maritime shipments declared as containing "spare parts of bulldozers" or other non-prohibited items (see annex XVII, sects. B and C). The first was shipped by a company named Guangzhou Surfine Shipping Service Company Limited and taken over by the carrier in the port of Huangpu (China). The second was arranged by the Dalian office of Complant International Transportation. It is likely that the latter originated from Nampo and was trans-shipped in Dalian. However, it is possible that the Democratic People's Republic of Korea acquired the items of the first shipment in China and shipped them directly from there. The Panel is seeking information on the identities of the consignors.

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[63] According to Mr. Ranger, the price per unit was in excess of US$ 100 million for those intermediate-range ballistic missiles and would be sold not less than three at a time, mixed as one long-range and two medium-range missiles or one medium-range and two long-range missiles.

[64] A deal to buy a large quantity of vintage small arms and light weapons (Japanese- and Russian-made from the Second World War and the Korean War) intended for collectors and the film industry did not go through.

[65] Refer to list of Air Koryo representatives given by Democratic People's Republic of Korea authorities to the European Business Association, www.eba-pyongyang.com.

99. Other documents obtained by the Panel showed Song Chang-Sik, Counsellor, Embassy of the People's Democratic Republic of Korea in the Congo, was actively involved in negotiating the contract for these shipments on behalf of the General Department of Military Cooperation of the Ministry of People's Armed Forces of the National Defence Commission of the Democratic People's Republic of Korea (see annex XVII, sects. B and D). The specified arms-related parts and material were provided by Machinery Export and Import Corporation, an entity whose director is named as Jong Yong-Kyong. Senior Colonel Kim Kwang-Nam (see annex XVII, sects. D and E) was in overall charge of the repair services project and nearly 40 technicians from the Democratic People's Republic of Korea.

100. Banque de France refused to accept a wire transfer associated with the contract from the Bank of Congo to an account held in the name of Kim Kyong-Ho, Commercial Attaché at the Embassy of the Democratic People's Republic of Korea in Beijing (see annex XVII, sect. F). Subsequently, funds were deposited into an account opened at the Bank of Congo in the name of the "Bureau de la représentation militaire près l'Ambassade de Corée". The Panel continues to seek information on the routing of funds that may have been transferred from this account as part of its efforts to uncover and disclose illicit financial networks involving the Democratic People's Republic of Korea. This case illustrates how the Democratic People's Republic of Korea makes use of its diplomatic officials in the conduct of prohibited activities, both in negotiating and concluding contracts and in using bank accounts to shield illicit financial transfers from banks' due diligence procedures.

C. Implementation of the luxury goods ban

101. The Panel has investigated a number of luxury goods incidents, including nine reported by Japan to the Committee since May 2012. The newly reported cases are summarized in table 1 (see further details in annex XVIII). In addition, the Panel examined a compact disc seized by Japan on 18 September 2012. The Panel has requested information from China about six earlier cases.

102. The information provided by Japan confirms that the Democratic People's Republic of Korea continues to violate the Security Council ban on luxury goods. The Democratic People's Republic of Korea circumvented sanctions using dissimulation techniques, including false shipping and customs declarations, and the use of intermediaries to make payments, either through hand-carrying or wire transfers. In two instances, the end users were falsely declared as a diplomatic mission in Pyongyang.

103. Dalian Global Unity Shipping Agency was actively involved in eight cases and suspected of involvement in another case, according to Japanese authorities. As previously highlighted (see para. 80 of S/2012/422), the vendors were introduced by end users from the Democratic People's Republic of Korea to middlemen from Dalian Global Unity Shipping Agency, who gave specific instructions about how the shipments and transactions could evade Japan's implementation of the luxury goods ban. Customs officials from China told the Panel that goods in cases covered by the Panel's 2012 report were not considered luxury goods. The Panel will continue its investigations.

Table 1
Luxury goods cases reported by Japan since May 2012

Category	*Acquired by entities of the Democratic People's Republic of Korea*	*Assisted by*
Alcoholic beverages	• Korea Kyong Hung Trading Company	• Dalian Global Unity Shipping Agency (China)
Tobacco and tobacco products	• Korea Kyong Hung Trading Company	• Dalian Global Unity Shipping Agency (China)
Electronic items	• Korea Computer Center • Pyongyang Information Center • Pyongyang office of Secoro Corporation	• Dalian Global Unity Shipping Agency (China)
Automobiles	• Lyonghung Trading • Korea Sangmyong General Trading Corporation	• Dalian Global Unity Shipping Agency (China) • Shenyang Xingyuxin Auto Accessories Firm (China) • Doctor Logistics Company Limited (Republic of Korea)
Cosmetics	• Korea Rungra 888 Trading Company • Korea Koryo Simcheong Company • Korea Moogwansei Company	• Complant International Transportation (Dalian) Company Limited (China) • Dalian Wanjin Trade Company Limited (linked to Dalian Global Unity Shipping Agency) (China)

Source: Panel of Experts.

104. According to implementation assistance notice No. 3 issued by the Committee, any definition of luxury goods as may be necessary for Member States to implement this provision of the resolution would be the national responsibility of individual Member States. Although resolution 2094 (2013), by providing a baseline definition, will have helped to promote greater consistency, interpretations of the term "luxury goods" by Member States remain varied and contentious, as do interpretations of what constitutes a violation.

VII. Interdiction

105. The Democratic People's Republic of Korea continues to rely on imports of sensitive items for its nuclear and ballistic missile programmes and to export arms and other prohibited items to generate revenues to finance such programmes. Its capacity to command political support may benefit from its ability to provide sensitive items to support other countries' weapons programmes.

106. The Security Council measures related to the inspection, seizure and disposal of cargo are one of the most effective tools available to Member States to counter the illicit activities of the Democratic People's Republic of Korea. They significantly increase the likelihood of detection and require costly concealment strategies. Resolution 2094 (2013) has made these measures even more effective, in particular by making interdictions a binding obligation of Member States and by triggering interdictions not only for shipments going to or from the Democratic People's Republic of Korea but also for shipments that were brokered or facilitated by the Democratic People's Republic of Korea or its nationals. The Democratic People's Republic of Korea is connected to international transportation networks by road, rail, air and sea; only the latter two modes have been reported in interdictions.

A. Air and maritime fleets of the Democratic People's Republic of Korea

107. The Panel continued to monitor the air and maritime fleet of the Democratic People's Republic of Korea over the reporting period. Neither fleet appears to have changed significantly over the past few years. All civilian aircraft registered in the Democratic People's Republic of Korea continue to be owned and operated by Air Koryo. Since 2011, Air Koryo has acquired a fifth Ilyushin 62 from the Cuban National Aviation Company and a new Antonov 148 (with an option on up to two more). Air Koryo's current inventory is shown in table 2. It is probable that only a limited number of these aircraft are currently operational, given the age of some.[66]

Table 2
Air Koryo fleet

Aircraft equipment model	*Number*	*Range (km)*	*Maximum payload (tons)*	*Maximum number of passengers*
Passenger aircraft				
AN-24	5	750-2 400	5.5	44-50
IL-18	4	4 300-6 400	13.5	100
IL-62	5	7 550-10 000	23	168-186
TU-134	2	1 900-3 300	8.6	84
TU-148	1	3 500-6 000	9	80
TU-154	3	2 800-3 900	18	180
TU-204	2	4 400-9 250	21	214
Cargo aircraft				
IL-76 TD	3	3 700-9 400	50	
Total	**25**			

Source: Stockholm International Peace Research Institute and AeroTransport Data Bank.

108. Similarly, the maritime fleet owned by the Democratic People's Republic of Korea as at April 2013 remains broadly the same as described in the Panel's

[66] The AN-24 and IL-18 are more than 40 years old, while the TU-134 and TU-154 are about 30 years old.

previous reports. In particular, its cargo-carrying vessel fleet continues to be mostly composed of general cargo vessels with or without container capacity (about 180) supplemented by a few bulk carriers and container vessels.[67] The most noticeable addition is the acquisition of a small container vessel, the *Global Nampo* (IMO 9000766, see figure XXI),[68] operating as a feeder vessel between Nampo and Dalian. This vessel increases the capacity of the Democratic People's Republic of Korea to ship sealed standard maritime containers.[69]

Figure XXI
The *Global Nampo*, formerly *Ji Xiang Shan* (2007)

Source: Ivan Meshkov/www.shipspotting.com.

109. A very limited number of vessels sail under a flag other than that of the Democratic People's Republic of Korea, as in the case of the *Global Nampo*. In 2010, the total number of vessels owned by the Democratic People's Republic of Korea sailing under foreign flags (mainly Cambodia, Mongolia, Panama and Sierra Leone) was estimated to be between 20 and 25. This number has not increased

[67] A limited number of fishing vessels, passenger vessels, tankers, reefers, research ships and Ro-Ro are owned by entities of the Democratic People's Republic of Korea and fly the country's flag. A number of ships owned by foreign entities are also flying that flag. Those ships usually sail in the Mediterranean and the Black Seas, and their number is gradually decreasing. The slight increase in general cargo vessels (155 reported in 2010) is the result of a positive ratio of entry versus exits, as well as the addition of vessels which were not yet identified in 2010 as being operated by entities of the Democratic People's Republic of Korea.

[68] This ship can carry up to 200 20-foot equivalent units. Since 2011, it has been owned and operated by Korea Miyang Shipping Company Limited of the Democratic People's Republic of Korea. It currently sails under the flag of Sierra Leone.

[69] Two other container vessels are owned by and flagged to the Democratic People's Republic of Korea. However, only the *O Hak San* (IMO 8735924) appears to be active. The *Kum Rung 7* (IMO 8208892) seems to be inactive since mid-2010. Most of the containers found to contain illicit cargo had been transported from Nampo to Dalian on board the *Song Hoa 2*, a general cargo vessel with limited container capacity (70 20-foot equivalent units) owned by the Democratic People's Republic of Korea and sailing under that country's flag.

significantly. Only one general cargo vessel, the *Bu Yon 2* (now *Victory 2*, IMO 8312227) recently entered the Mongolia registry without any reported change in ownership or management. That ship is still owned and operated by Korea Buyon Shipping Company Limited.

110. The incident involving the former *Light* (now *Victory 3*, IMO 8415433) strongly suggests that the Democratic People's Republic of Korea may be using foreign companies to act as front owners and/or operators. Until 2006, the *Light* (then *Bu Yon 1*) was owned and operated by Korea Buyon Shipping under the flag of the Democratic People's Republic of Korea. In mid-2006, it was transferred to entities newly incorporated in Dalian and Hong Kong, Dalian Sea Glory Shipping Company Limited (manager) and Ever Ocean Shipping Agency (owner), which reflagged it to Belize. But when a United States Navy ship hailed the *Light* in May 2011 with the permission of Belize to inspect it, the shipmaster responded that it was a vessel of the Democratic People's Republic of Korea and refused to be boarded. Soon after this incident, the *Light* was transferred to another ship manager recently incorporated in Hong Kong, Sea Star Ship Company Limited, and entered the registry of Sierra Leone. The Panel has requested information from China about these three entities and the cargo transported by the *Light* at the time of the incident.

111. Further analysis of recent exits from the registry of the Democratic People's Republic of Korea suggests that a limited but noticeable number of other vessels owned by the country may have been transferred to a foreign front owner and/or operator. The Panel identified at least five ships (see table 3) whose exits from the Democratic People's Republic of Korea registry present patterns similar to that of the *Light*.[70] They all present several of the following characteristics: (a) their ownership and management were transferred to companies newly formed or incorporated; (b) those companies own or manage no or few other vessels; (c) those vessels joined well-known flags of convenience (such as Mongolia, Panama and Sierra Leone); and (d) those vessels continue to call regularly at ports in the Democratic People's Republic of Korea. Following resolution 2094 (2013), Member States are to provide information to the Committee on transfers, renaming or reflagging of aircraft or vessels of the Democratic People's Republic of Korea that may have been undertaken in order to evade the sanctions.

[70] The Panel could not yet find any information about the new owner and operator of the *Fu Hong* (8657536) and *Faith* (8225436), which exited the registry of the Democratic People's Republic of Korea in November 2012 and April 2013, respectively.

Table 3
Vessels which the Democratic People's Republic of Korea may still control

IMO number	*Current name*	*Previous name*	*Current flag*	*Nationality of new operator*	*Period under the flag and/or control of the Democratic People's Republic of Korea*
8403258	*Guang Hai*	*Kwang Hae*	Panama	China (Hong Kong)	2009-2011
8410603	*Chon Won 65*	*Hye Song 2*	Mongolia	Democratic People's Republic of Korea	2005-2011
9536272	*New Hunchun*	*Ji Song 11*	Sierra Leone	China	2009-2010
8217685	*Sunshine*	*Hua Seng*	Sierra Leone	China (Hong Kong)	2003-2009
8651219	*Karo Bright*	*Dong Fang*	Sierra Leone	China (Hong Kong)	2012

Source: Seasearcher and Equasis.

112. Except for the former *Light*, none of the ships mentioned above have been reported as possibly involved in incidents of non-compliance. Furthermore, the Panel is not yet able to determine if any of these changes were undertaken to evade sanctions.

B. Patterns of sanctions evasion

Shipments by sea

113. The vast majority of incidents of non-compliance reported to the Committee or brought to the attention of the Panel continue to involve movements by sea. It is not yet fully understood whether there are fewer movements of illicit cargo by air or whether illicit air transfers are more difficult to pinpoint owing to the short amount of time available to collect intelligence and plan an interdiction.

114. Most of the recorded movements of illicit goods by sea involve containerized cargo, which is the most cost-effective shipping method as well as the most effective for the concealment of illicit items. This represents a particular challenge for global shipping companies, which regularly find that they unwittingly carried prohibited items, sometimes at great risk to their employees and assets.

115. As no global shipping companies call at ports in the Democratic People's Republic of Korea, all containers originating from or destined to the Democratic People's Republic of Korea are processed through regional transport hubs. Changes in shipping documentation during trans-shipment usually leave companies unaware of the origin from the Democratic People's Republic of Korea of the cargo they carry. The level of information available to maritime carriers is further reduced for containers transported on behalf of other carriers pursuant to "slot charter" or "space charter" agreements. In such instances, the Panel has found that the company operating the ship found carrying prohibited items did not have access to the containers' bill of lading. Maritime carriers should therefore apply particular diligence when loading containers in ports neighbouring the Democratic People's Republic of Korea, in particular shipments arranged by freight forwarders known to

be involved in the Democratic People's Republic of Korea market and when the information on the bill of lading is not sufficient to identify the actual shipper and/or consignor.

116. There are some initiatives on the part of both Member States and private companies to take preventive measures to strengthen their capacity to identify high-risk shipments. For example, the UNODC Container Control Programme trains customs officials to screen cargo on the basis of specific criteria for high risks for illicit goods. Similarly, under the Code of Conduct signed by members of the French Maritime Cluster (see annex XIX), its members commit to screening shipments with high-risk indicators, such as the nationality of the shipper and the ports of loading, as well as to facilitating communication with national authorities.

117. **The Panel recommends that Member States encourage their shipping industry operators to take measures to strengthen their capacity to identify high-risk cargo shipments and to share information about suspicious cargo.**

Shipments by air

118. While the majority of known cases of interdictions involve movements by sea, the Panel holds evidence confirming that the Democratic People's Republic of Korea also uses both regular cargo services and chartered cargo flights for the transport of prohibited items. Regular cargo services charge lower rates than chartered flights. They use both passenger and scheduled cargo flights to and from major hubs. While these flights are more cost-effective, they are also subject to higher levels of security regulations. Using such flights thus depends on whether the cargo can withstand enhanced scrutiny. Weapons and ammunition would not, but more innocuous items, including arms related materiel, could. For example, about five tons of engines and spare parts, including for tanks and armoured vehicles, were shipped by the Democratic People's Republic of Korea to the Congo using Ethiopian Airlines cargo services (see para. 97). Cargo handlers and air carriers offering regular cargo services from the five international airports with regular connections to Pyongyang (see para. 123) should therefore closely monitor all cargo originating from or destined to the Democratic People's Republic of Korea.

Figure XXII
Regular scheduled flight of Air Koryo IL-62 shown at a foreign airport (July 2006)

Source: Joseph K.K. Lee/www.airliners.net.

119. The Panel notes that air carriers and others involved in the air cargo industry may incorrectly interpret the ICAO definition of "dangerous goods"[71] as equivalent to "all arms and related materiel" as specified by resolution 1874 (2009). In fact, not "all arms and related materiel" present a safety hazard. Air carriers may thus agree to transport items which are acceptable under ICAO standards but which are prohibited by the resolutions. In doing so, air carriers risk being designated for targeted sanctions, pursuant to paragraph 27 of resolution 2094 (2013), by which individuals or entities that have contributed to activities prohibited by the resolutions or to the evasion of their measures may be designated. The Panel intends to explore further with ICAO and IATA how to raise the awareness of cargo handlers and air carriers regarding the scope of the resolutions.

120. As demonstrated by the weapons seizure in Bangkok and the attempted export of man-portable air defence systems (see paras. 75 and 92), the use of non-scheduled or chartered cargo flights is reserved for the transport of the more sensitive and valuable items or commodities that justify the increased flight cost. Each of these shipments' value was estimated at over US$ 16 million. The Panel considers that careful scrutiny should be applied to all non-scheduled flights to or from the Democratic People's Republic of Korea, in particular if undertaken by military-type transport aircraft (IL-76 and similar).

[71] ICAO defines dangerous goods forbidden for air transport under all circumstances as "any article or substance which, as presented for transport, is liable to explode, dangerously react, produce a flame or dangerous evolution of heat or dangerous emission of toxic, corrosive or flammable gases or vapours under conditions normally encountered in transport", ICAO, *Technical Instructions for the Safe Transport of Dangerous Goods by Air*, 2011-2012 ed. (Montreal).

121. In this regard, the Panel considers prudent the overflight denial by Iraq in September 2012 for an Air Koryo IL-76 declared as carrying "civil commodities" to the Syrian Arab Republic (see annex XX). That flight presented many risk indicators, including the lack of any apparent economic rationale. The Panel notes that paragraph 18 of resolution 2094 (2013) now calls upon Member States to deny permission to any aircraft to take off from, land or overfly their territory, if they have information that provides reasonable grounds to believe that the aircraft contains prohibited items and will be alert to reports of such occurrences.

122. In 2012, the Panel engaged the Stockholm International Peace Research Institute to assist its understanding of movements of cargo to and from the Democratic People's Republic of Korea, in particular through chartered cargo flights. The Panel hereafter provides a summary of the key findings of the study, with particular emphasis on information that can aid Member States in implementing the new measures of paragraph 18 of resolution 2094 (2013).

Flight patterns

123. The Stockholm International Peace Research Institute collected data from national civil aviation authorities and international organizations to construct an overview of both regular and chartered passenger and cargo flights to and from the Democratic People's Republic of Korea between 2005 and 2012. With respect to regular flights, the Institute was able to provide a comprehensive account of flights scheduled during those years, based on ICAO, flight tracking databases and information provided by national authorities. Between 2005 and 2012, only two carriers operated scheduled flights to and from the Democratic People's Republic of Korea, Air China and Air Koryo. Air China operated regular flights between Pyongyang and Beijing (twice a week in 2013).[72] The number of destinations served by Air Koryo's scheduled flights has progressively diminished over the years.[73] At present, Air Koryo operates flights between Pyongyang and five international destinations (fewer flights than scheduled most likely actually take place):[74]

(a) Beijing (three times a week);

(b) Shenyang, China (twice a week);

(c) Kuala Lumpur (twice a week);

(d) Vladivostok, Russian Federation (once a week); and

(e) Bangkok (once a week).

124. With regard to charter flights, the Stockholm International Peace Research Institute was unable to compile the data necessary to provide a complete overview owing to a lack of cooperation on the part of most civil aviation authorities approached. The Institute was able to confirm only a very limited number of chartered cargo or passenger flights to or from the Democratic People's Republic of Korea during the entire 2005-2012 period, of which three appear to have been humanitarian aid shipments to the Democratic People's Republic of Korea and two

[72] See timetables available from www.airchina.us/en/timetables.html.

[73] Previous scheduled services to Dalian, China; Moscow; Khabarovsk, Russian Federation; Macao, China; Shenzhen, China; and other destinations were terminated years ago.

[74] Flights to Kuala Lumpur and Bangkok are not listed in the Air Koryo timetable (available at www.airkoryo.com.kp) but are listed on both airports' timetables.

were related to the seizure in Bangkok described in paragraph 75. The Institute, however, confirmed that Air Koryo aircraft, for example its IL-62 and IL-76, regularly visited foreign airports outside of known scheduled flight activity over that period.[75] It is therefore certain that there are more chartered flights than found and more will likely take place.

Figure XXIII
Unscheduled flight by Air Koryo IL-76 landing in a foreign airport (July 2012)

Source: Maksimov Maxim/www.airliners.net.

Risk indicators

125. The study highlights that the flights of most concern for illicit transfers are charter flights that present a number of unusual characteristics, as summarized in table 4. Member States should refer to these indicators when determining whether to grant applications by Democratic People's Republic of Korea-related flights for permission to take off from, land in or overfly their territories.

Table 4
Summary of risk indicators

Indicator	*Risk factor*	*Screening questions that Member States should ask*
Chartered flights	Chartered flights are significantly more expensive than scheduled flights, suggesting more valuable or sensitive cargo.	Could the cargo have been transferred through scheduled rather than chartered services?
Type of aircraft	Military-type aircraft flying to or from States with arms embargoes should be screened for the presence of military equipment.	Is a military cargo aircraft involved? Is the aircraft heading towards a sanctioned State?

[75] Since 2005, the Air Koryo IL-62 aircraft were spotted about 60 times and the IL-76 aircraft about 15 times.

Indicator	*Risk factor*	*Screening questions that Member States should ask*
Flight route	A technical stop at an airport that either adds considerable mileage to a route or avoids airports likely to provide cheaper fuel and/or technical services do not make economic sense and may therefore hide illicit activities.	Could the operators have chosen a more efficient route? Does the route avoid major transit points? Do the flight transit States have known military relations with the Democratic People's Republic of Korea?
Ownership	Ownership and asset-operating history of the aircraft can reveal asset swapping between companies involved in illicit activities.	Has the aircraft recently been owned by companies documented as violating sanctions or arms embargoes?
Flight certificates	The lack of proper air operating certificates and registrations of aircraft in "flag of convenience" States may be indicative of operators and/or aircraft involved in illicit activities.	Do the air operator and aircraft have all required certificates? What is the flag State of the aircraft?

126. A further consideration for Member States is the air safety and insurance coverage of aircraft of the Democratic People's Republic of Korea. In 2006, all but Air Koryo's Tupolev 204 aircraft were banned from the European Union airspace out of concern for safety standards and inadequate oversight of the carrier by relevant authorities in the Democratic People's Republic of Korea.[76] A similar concern is the adequacy of insurance coverage. Currently, Air Koryo seems to be insured by the Korea National Insurance Corporation of the Democratic People's Republic of Korea, but it is unclear whether that corporation has sufficient reinsurance to cover a serious accident. Several insurance brokers contacted by the Stockholm International Peace Research Institute indicated that they did not offer reinsurance to the Korea National Insurance Corporation, so it is unclear whether Air Koryo is currently covered by any reputable foreign insurer.

Recommendations for improved information collection and sharing

127. The study by the Stockholm International Peace Research Institute proved that accurate and comprehensive air traffic data related to the Democratic People's Republic of Korea, in particular charter flights, cannot be obtained without the regular exchange of information between States in the region, in particular States neighbouring the Democratic People's Republic of Korea. Indeed, of the 58 civilian aviation authorities contacted by the Institute and/or the Panel, only two confirmed flights that had passed through their monitored airspace (in addition, officials from 22 States provided background information, but no flight confirmations).

[76] Commission Regulation (EC) No. 474/2006 of March 2006 establishing the Community list of air carriers which are subject to an operating ban within the Community referred to in chapter II of Regulation (EC) No. 2111/2005 of the European Parliament and of the Council, *Official Journal of the European Union*.

Furthermore, the absence of a regional air control authority (similar to Eurocontrol) creates loopholes that can be exploited by potential sanctions evaders.

128. The Panel recommends that, to facilitate the implementation of the resolutions, civil aviation authorities in the region improve protocols for data sharing both with each other and with third parties, such as the Panel.

129. The Panel also notes that most aviation authorities do not store flight data records for more than two years and sometimes no more than 90 days. It is therefore especially important for useful information to be shared among relevant parties, such as the Panel, before data are lost.

VIII. Travel ban and assets freeze

130. Resolutions 2087 (2013) and 2094 (2013) designated seven individuals and eight entities, bringing the totals to 12 individuals and 19 entities.[77] To date, no Member State has notified the Committee of denial of entry or transit to a designated individual or family member or ever sought an exemption from the Committee.[78] **The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken in accordance with the travel ban provisions.**

131. The Panel believes that more scrutiny and vigilance are required in implementing travel bans, in particular at ports of entry or transit and when issuing visas to nationals of the Democratic People's Republic of Korea. Countries that have agreements with that country to waive visa requirements should exercise special care.[79,80]

132. The use of foreign passports by nationals of the Democratic People's Republic of Korea who engage in illicit or suspicious activities also merits attention. The Panel confirmed that two individuals from the Democratic People's Republic of Korea involved in an incident under investigation obtained passports issued by Kiribati[81] and later changed to ones issued by Seychelles.

133. Paragraph 24 of resolution 2094 (2013) calls upon States to exercise enhanced vigilance over diplomatic personnel of the Democratic People's Republic of Korea.

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[77] The list of designated entities and individuals is available on the Committee's website: www.un.org/sc/committees/1718/pdf/List_Entities_and_Individuals.pdf.

[78] Paragraph 10 of resolution 1718 (2006).

[79] According to 2012 research by Henley and Partners based on IATA data, holders of passports from the Democratic People's Republic of Korea are able to enter 39 countries without visas. See www.henleyglobal.com/citizenship/visa-restrictions.

[80] The Panel has learned that the Democratic People's Republic of Korea has mutual visa waiver agreements for diplomatic and service passport holders with a number of countries, such as Belarus, Bulgaria, China, Egypt, Indonesia, Iran (Islamic Republic of), Kyrgyzstan, Lao People's Democratic Republic, Malaysia, Mongolia, Myanmar, Russian Federation, Singapore, Tajikistan, Ukraine and Viet Nam. The Democratic People's Republic of Korea has agreements with the Lao People's Democratic Republic, Malaysia and Viet Nam to waive visa requirements for visits of up to 30 days.

[81] In a March 2013 interview by a television network, the President of Kiribati, Anote Tong, admitted that Kiribati had sold passports to nationals of the Democratic People's Republic of Korea, but stated that the practice stopped in 2004. "Kiribati passports were sold to N Koreans: President", *Australia Network News*, 7 March 2013.

This incident shows that it would be prudent for States to be watchful of activities by business representatives as well. In particular, States should carefully consider applications by nationals of the Democratic People's Republic of Korea to purchase passports, given the use of this technique to conceal ownership of third-country front companies used for sanctions evasion.

134. Member States are not obliged by the Security Council or the Committee to submit a report on a freeze of assets that it may have ordered, and none have voluntarily done so or requested an exemption. Even though evidence is scant, the Panel believes that the assets freeze is having its intended impact.

135. The Panel is concerned that some designated entities, such as Tanchon Commercial Bank and the Korea Mining Development Trading Corporation, have continued to staff representative offices abroad.[82] It has also noted the apparent ability of some designated entities, such as Korea Ryonbong General Corporation (and possibly its subsidiaries) to continue their participation in joint ventures.[83] The measures adopted in resolutions 2087 (2013) and 2094 (2013), at a minimum, place transactions between designated entities and joint-venture business partners at risk.

136. The Panel's investigations often find new or unrecognized names of the entities of the Democratic People's Republic of Korea involved, and it is heavily dependent on assistance from Member States in linking these entities to those designated. The Panel's research into recently designated entities revealed that the name Ryonha Machinery Joint Venture Corporation was last used in publications in the Democratic People's Republic of Korea early in 2008. Thereafter, this company operates under the name Ryonha Machinery Corporation. "Ryonha" is rendered as "Ryonhwa" in some aliases. The company also markets products under the name Unsan. Additions to the list of aliases and identifiers used by Ryonha Machinery Joint Venture Corporation are provided in annex XXI. The Panel emphasizes that in the case of the Democratic People's Republic of Korea, lists of aliases are not exhaustive, not least because of alternative ways to render Korean names into other languages.[84]

137. **To improve the effectiveness of enforcement of designations and to help avoid false positives, the Panel recommends that:**

(a) **The Committee update information in its list of designations with additional information on aliases and identifiers used by the Ryonha Machinery Joint Venture Corporation;**

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[82] See the designation of Tanchon Commercial Bank representatives Kim Kwang-Il and Ra Kwang-Su, *United States Federal Register*, vol. 78, No. 24, pp. 8221-8222; see also the designation of Tanchon Commercial Bank representative Mun Chong Chol and Korea Mining Development Trading Corporation representatives Yon Chong-Nam and Ko Chol-Chae, *United States Federal Register*, vol. 78, No. 57, pp. 17996-17997.

[83] Member States' implementation of United Nations designations often employs the spelling "Ryongbong" even though that spelling is not one listed as an alias of Ryonbong General Corporation. Some news accounts also seem to use the two spellings interchangeably.

[84] Member States are urged to pay special attention to transactions by entities whose names appear similar to those designated. Documents examined by the Panel show that entities of the Democratic People's Republic of Korea often fail to complete entries requiring the full name, address and contact information, which should flag shipments and financial transactions for closer investigation.

(b) **It list the names and known aliases of designated entities and individuals in all languages in which such an entity or individual habitually conducts business;**

(c) **It ask Member States to provide additional information to the Committee and the Panel on all individuals and entities acting on behalf of or at the direction of the individuals and entities that have already been designated and all entities owned or controlled by them and, to the extent possible, make such information available to all Member States.**

138. The Panel believes that the implementation of the financial measures in resolution 2094 (2013) could improve prospects for assessing both compliance and the effectiveness of the travel ban and assets freeze measures. **The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken to date in accordance with the assets freeze provisions (para. 8 (d) of resolution 1718 (2006) and para. 8 of resolution 2094 (2013)), and continue to provide this information on an annual basis, in particular providing a tally of incidents and the total amount involved.**

IX. Financial measures

139. Even though only some Member States have submitted detailed reports about the implementation of sanctions, those which have include most States that figure importantly in the international financial system. The Panel is highly confident that the financial measures of the resolutions are in general being effectively implemented by major banks. It has concerns, however, about the ability of banks in States with less effective regulators and those unable to afford effective compliance to detect and prevent illicit transfers involving the Democratic People's Republic of Korea (see para. 100).

140. The Panel has continued to work closely with FATF and to engage in outreach with FATF-style regional bodies. In February 2012, FATF adopted a recommendation on targeted financial sanctions related to proliferation as one of the new elements in its revision of international financial standards. An FATF guidance paper should soon be available to assist States' understanding of the financial provisions of the resolutions.[85]

141. In February 2013, FATF decided to keep the Democratic People's Republic of Korea on its Public Statement because of serious shortcomings on anti-money-laundering (see annex XXII). In transactions related to the Democratic People's Republic of Korea, FATF urges the financial institutions of members to take countermeasures, which include enhanced due diligence, and urges banks to give careful consideration both to associated costs and their reputational risk. With new and reinforced limitations on financial dealings with the Democratic People's Republic of Korea incorporated into recent resolutions, even more firms in future may decide to shun this business.

[85] In its resolution 2094 (2013), the Security Council welcomed recommendation 7 of the FATF Recommendations, on financial sanctions related to proliferation, and urged Member States to apply the interpretive note to that recommendation and related guidance papers of FATF.

142. Panel investigations into incidents of possible violation of sanctions point to the use by the Democratic People's Republic of Korea of trade-based money-laundering through front companies and agents to pay for illicit procurements and to transfer the proceeds of sales of weapons and items related to weapons of mass destruction. It uses company formation agents to establish firms offshore in locales where laws make it difficult or impossible to determine beneficial ownership. It may often change company secretaries and nominal directors and operate offices and conduct its banking under a similar name in a different country. Paragraph 11 of resolution 2094 (2013) refers to bulk cash, reflecting concerns that the Democratic People's Republic of Korea is reportedly making increasing use of cash couriers to bypass transfers between financial institutions.

143. Bank vigilance is the first line of defence against deception, especially know-your-customer practices that are integrated into overall compliance procedures. In one case, the Panel learned that a bank became aware of account activity inconsistent with its customer's business; it filed a suspicious transaction report which tipped off authorities in time to prevent a major illicit transaction. When there have been financial leads, such as in the matters of the Thai arms seizure and the attempted purchase of luxury yachts, the Panel was able to develop important additional evidence. Even so, most Member States' investigations of incidents of alleged non-compliance do not try to "follow the money" but rely on evidence collected about violations of export controls. Dual-track investigations, a recommended best practice, are indispensible in detecting and shutting down illicit financial networks involving the Democratic People's Republic of Korea.

144. Resolution 2094 (2013) introduces new measures on banking summarized in annex I. There is a notable lack of transparency on the part of financial institutions in the Democratic People's Republic of Korea. To assist Member States with the implementation of the new measures, the Panel, in annex XXIII, has listed banks that it knows or believes to be in operation as at 7 March 2013.

X. Unintended impact of the sanctions

A. Civilian population

145. The resolutions emphasize that sanctions are not intended to have adverse humanitarian consequences for the civilian populations of the Democratic People's Republic of Korea. Although there are concerns that sanctions regimes in general may unintentionally harm civilians, the Panel notes that the lack of access to the country remains a challenge to its investigations of this issue. This has also been noted in the Panel's previous reports.

146. The Panel continues to consult with NGOs as well as United Nations agencies operating in the Democratic People's Republic of Korea. Although their collective experiences, insights and reports provide information as to the overall humanitarian situation of the country, it is difficult for the Panel to link the implementation of United Nations sanctions to any adverse effect on the civilian population.

B. Diplomatic missions

147. Resolutions 1874 (2009), 2087 (2013) and 2094 (2013) repeatedly emphasize that all Member States should comply with the provisions of paragraphs 8 (a) (iii) and 8 (d) of resolution 1718 (2006) without prejudice to the activities of diplomatic missions in the Democratic People's Republic of Korea pursuant to the Vienna Convention on Diplomatic Relations. Several Member States have reported to the Committee and the Panel that their missions face operational difficulties caused by the Security Council resolutions on the Democratic People's Republic of Korea. This has been attributed, in part, to the reluctance of foreign private sector financial and other entities to provide goods and services to diplomatic missions in the country.

148. The Panel has met several heads of diplomatic missions to the Democratic People's Republic of Korea[86] and reviewed input from Member States. In addition, the Committee asked those Member States with resident diplomatic representations in the Democratic People's Republic of Korea if their activities were being impeded as a result of the implementation of sanctions and, if so, to provide details. The Panel is reviewing the information provided and will submit its assessment to the Committee.

XI. Recommendations

149. The Panel makes the following recommendations to the Committee and Member States.

[86] Ambassador Valery Sukhinin of the Russian Federation (September 2011), Ambassador Gerhard Thiedemann of Germany (December 2011, February 2013) and Ambassador Karen Wolstenholme of the United Kingdom of Great Britain and Northern Ireland (January 2012).

A. Recommendations of the Panel to the Committee

Recommendation 1

The Panel recommends that the Committee designate the following entities and individuals:[87]

(a) For their role in and support for the nuclear programme of the Democratic People's Republic of Korea, in accordance with paragraph 8 (d) and, with respect to subparagraph (ii) below, paragraph 8 (e) of resolution 1718 (2006), and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 21 and 22 of the present report):

(i) Ministry of Atomic Energy Industry (원자력공업성);

(ii) Minister of Atomic Energy Industry, upon nomination;

(b) For their role in and support for the ballistic missile programme of the Democratic People's Republic of Korea, in accordance with paragraph 8 (d) and, with respect to subparagraphs (iii) to (viii) below, paragraph 8 (e) of resolution 1718 (2006); and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 37-40 of the present report):

(i) Munitions Industry Department of the Central Committee of the Korean Workers' Party (기계공업부); AKA Military Production Arms Department, Military Supplies Industry Department, Machine Industry Department or Machine Building Industry Department;

(ii) State Space Development Bureau (국가우주개발국);

(iii) Ju Kyu-Chang (주규창, 朱奎昌), Director, KWP Munitions Industry Department; AKA Chu Kyu-Chang; D.O.B. 25 November 1928;

(iv) Jon Pyong-Ho (전병호), former Director, KWP Munitions Industry Department; D.O.B. 20 March 1926;

(v) Pak To-Chun (박도춘, 朴道春), Secretary, KWP Munitions Industry Department; D.O.B. 09 March 1944;

(vi) Hong Sung-Mu (홍승무, 洪承武), Deputy Director, KWP Munitions Industry Department;

(vii) Choe Chun-Sik (최춘식), Director, Second Academy of Natural Sciences;

(viii) Ri Ung-Won (리응원), Chief Secretary, State Academy of Sciences;

(c) For their contribution to activities prohibited by the resolutions in accordance with paragraphs 8 (d) and 8 (e) of resolution 1718 (2006) and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 75-79 of the present report):

(i) Aleksandr Viktorovich Zykov, Kazakhstan; D.O.B. 12 July 1960;

(ii) Iurii Lunov, Ukraine passport number EE095459; D.O.B. 8 May 1960;

[87] Information in Korean, Chinese and Japanese taken from Democratic People's Republic of Korea sources.

(iii) Igor Karev-Popov, Ukraine passport number EC499624; D.O.B. 11 October 1977;

(d) For activities prohibited by paragraph 8 (b) of resolution 1718 (2006) and paragraph 9 of resolution 1874 (2009), in accordance with paragraph 8 (d) and, with respect to subparagraph (ii) below, paragraph 8 (e) of resolution 1718 (2006) and paragraphs 8 and 27 of resolution 2094 (2013) (see paras. 90-95 of the present report):

(i) Hesong Trading Corporation (혜성무역회사); Location: 61-76 Sungri Street, Central District, Pyongyang City, Democratic People's Republic of Korea;

(ii) O Hak-Chol (오학철), Democratic People's Republic of Korea diplomatic passport number D 554110028 (expired); D.O.B. 16 September 1968.

Recommendation 2

The Panel recommends that the Committee update the existing list of designated individuals and entities in the following ways:

(a) Update the list of aliases used by Korea Ryonha Machinery Joint Venture Corporation, designated by the Security Council in resolution 2087 (2013), to include the following aliases and identifiers (see paras. 136 and 137 of the present report and details in annex XXI):

Ryonha Machinery Corporation; Ryonha Machinery; Ryonha Machine Tool; Ryonha Machine Tool Corporation; Ryonha Machinery Corp.; Ryonhwa Machinery Joint Venture Corporation; Ryonhwa Machinery JV; Huichon Ryonha Machinery General Plant; Unsan; and Unsan Solid Tools

In Korean: 련하기계무역회사, 련하기계, 조선련하기계합영회사

In Chinese: 莲荷机械合营公司, 莲河机械, 熙川莲河机械综合工厂

In Japanese: 蓮河機械会社, 朝鮮蓮河機械合営会社, 蓮河機械, 蓮花機械合弁会社, 熙川蓮河機械総合工場

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(b) List the names and known aliases of designated entities and individuals in all languages in which such an entity or individual habitually conducts business (see para. 137 of the present report);

(c) Request Member States to provide additional information to the Committee and the Panel on all individuals and entities acting on behalf of or at the direction of the individuals and entities that have already been designated, and all entities owned or controlled by them, so as to improve the implementation of the assets freeze provisions (para. 8 (d) of resolution 1718 (2006) and para. 8 of resolution 2094 (2013)); and, to the extent possible, make such information available to all Member States (see para. 137 of the present report).

Recommendation 3

The Panel recommends that the Committee determine the following items and materials to be subject to the measures in paragraph 8 (a) (ii) of resolution 1718 (2006) using the technical parameters described in annex VIII to the present report (see para. 28 of the present report):

(a) Maraging steel;

(b) Frequency changers (also known as converters or inverters);

(c) High-strength aluminium alloy;

(d) Fibrous or filamentary materials, and prepregs;

(e) Filament winding machines and related equipment;

(f) Ring magnets;

(g) Semi-hard magnetic alloys in thin strip form.

B. Recommendations of the Panel to Member States

Recommendation 4

The Panel recommends that Member States perform due diligence and, pursuant to the catch-all provision contained in paragraph 22 of resolution 2094 (2013), prevent the transfer of items that can be used in the prohibited programmes of the Democratic People's Republic of Korea, including principal components of items prohibited for import or export by the country according to the resolutions, and items whose specifications fall below the thresholds of the control lists but nevertheless pose a significant risk (see paras. 29, 33, 58 and 65 of the present report).

Recommendation 5

The Panel recommends that Member States encourage their shipping industry operators to take measures to strengthen their capacity to identify high-risk cargo shipments and to share information about suspicious cargo (see paras. 113-117 of the present report).

Recommendation 6

The Panel recommends that Member States refer to the Panel's risk indicators for Democratic People's Republic of Korea-related flights when assessing applications for their permission to take off from, land in or overfly their territories in accordance with paragraph 18 of resolution 2094 (2013) (see para. 125 and table 4 of the present report).

Recommendation 7

The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken to date in accordance with the assets freeze provisions (para. 8 (d) of resolution 1718 (2006) and para. 8 of resolution 2094 (2013)), and continue to provide this information on an annual basis, in particular providing a tally of incidents and the total amount involved (see para. 138 of the present report).

Recommendation 8

The Panel recommends that Member States provide the Panel, on a voluntary and confidential basis, with information on actions taken in accordance with the travel ban provisions (para. 8 (e) of resolution 1718 (2006) and para. 10 of resolution 2094 (2013)) and the catch-all provision (para. 22 of resolution 2094 (2013)) (see para. 130 and recommendation 4 of the present report).

Annex I

Overview of United Nations sanctions measures relating to the Democratic People's Republic of Korea*

Resolutions	*1718 (2006)*	*1874 (2009)*	*2087 (2013)*	*2094 (2013)*
1. Prohibited programmes				
	All nuclear, other WMD and ballistic missile programmes (paras. 5-7).	No change.	No change.	No change.
2. Prohibited trade and services *(export to or import from DPRK)*				
Conventional arms	Battle tanks, armoured combat vehicles and aircraft, large calibre artillery systems, attack helicopters, warships, missiles or missile systems, or related materiel (para. 8(a)(i) and 8(c)).	Extended to all arms and related material (except import of small arms and light weapons and their related materiel) (paras. 9-10).	No change.	No change.
Nuclear related items	S/2006/814* (para. 8(a)(ii) and 8(c)) * *Superseded.*	Updated with the items listed in INFCIRC/254/Rev.9/Part. 1a and INFCIRC/254/Rev.7/Part 2a (para. 23).	Updated with INFCIRC/254/ Rev.11/Part 1 & INFCIRC/254/ Rev.8/Part 2 (para. 5(b))	Added 2 items: *(1) perfluorinated lubricants; (2) UF6 Corrosion Resistant Bellow-sealed Valves*
Ballistic missile related items	S/2006/815* (para. 8(a)(ii) and 8(c)) * *Superseded.*	Updated by S/2009/205 on 15 April 2009. On 16 July 2009, the Committee added two items (S/2009/364): *(1)Graphite designed or specified for use in Electrical Discharge Machining (EDM) machines; and (2) Para-aramid fiber (Kevlar and other Kevlar-like), filament and tape.*	Updated by S/2012/947 (para. 5(b))	Added 5 items: *(1) Special corrosion resistant steels, (2) ultra high-temperature ceramic composite materials in solid form, (3) pyrotechnically actuated valves, (4) measurement and control equipment usable for wind tunnels, (5) sodium perchlorate.*
Other WMD related items	S/2006/816 (para. 8(a)(ii) and 8(c)) * Updated by S/2006/853 on 7 November 2006	No change.	No change.	Added 1 item: *vacuum pumps with a manufacturer's specific maximum flow-rate greater than 1 m3/h*

* This table is a non-exhaustive summarization of major sanctions measures included in the resolutions.

Resolutions	*1718 (2006)*	*1874 (2009)*	*2087 (2013)*	*2094 (2013)*
Luxury goods *(export to DPRK)*	Luxury goods (undefined) (para. 8(a)(iii)).	No change.	No change.	Provides a non-exhaustive list of luxury goods (para. 23) : 1. **Jewelry**: (a) Jewelry with pearls; (b) Gems; (c) Precious and semi-precious stones; (d) Jewelry of precious metal or of metal clad with precious metal. 2. **Transportation items:** (a) Yachts; (b) Luxury automobiles; (c) Racing cars.
Services	Technical training, advice, services or assistance related to above items (except luxury goods) (para. 8(c)).	Technical training, advice, services or assistance related to all arms or related materiel (except small arms and light weapons) (paras. 9-10). Bunkering services (servicing of vessels) if reasonable grounds to believe that the vessel is carrying prohibited items (para. 17). Specialized training of DPRK nationals of disciplines which could contribute to prohibited activities (para. 28).	No change.	Notes that Member States are required to prevent the transfer of prohibited items from one Member States to another, if **brokered or intermediated** by the DPRK or its nationals (para. 7).
Catch-all provision	None.	None.	Clarify measures imposed include any items when designated individual or entity is originator, recipient or facilitator (para. 9)	States are called upon to prevent the transfer of **any items** that they determine may contribute to (i) the DPRK's prohibited programmes, (ii) prohibited activities or (iii) the evasion of the sanctions (para. 22).

Resolutions	*1718 (2006)*	*1874 (2009)*	*2087 (2013)*	*2094 (2013)*
3. **Interdiction regime**				
	Calls upon States to take cooperative action, including through inspection of cargo to and from the DPRK, as necessary (para. 8(f)).	Calls upon States to inspect all cargo to and from the DPRK if reasonable grounds to believe it contained prohibited items (parass. 11-13). Items may be seized and disposed of (para. 14)	Clarifies methods of disposal including destruction, rendering inoperable, storage or transferring to another State (para. 8)	Broadens the measures by allowing interdictions in cases when cargo was **brokered by** the DPRK or its nationals, not only cargo transferred to or from the DPRK (para. 16). States are called upon to deny landing, take-off or overflight rights to any aircraft if they have information that provides reasonable grounds to believe it may contain prohibited items (para. 18).
4. **Financial sanctions**				
	None.	Calls upon States to prevent the provision of financial services or transfer of financial resources that could contribute to prohibited programmes or activities, including by freezing assets (para. 18). Calls upon States and banks not to enter into new commitments for grants or concessional loans to the DPRK (except humanitarian and developmental purposes) (para. 19). Calls upon States not to provide public financial support for trade with the DPRK where it could contribute to prohibited programmes (para. 20).	Calls upon States to exercise enhanced vigilance in regard to DPRK financial institutions and those acting with them or on their behalf (para. 6).	Expands the prohibition on the provision of financial services to cases where the financial assets could contribute to prohibited activities or the evasion of sanctions (para. 11). Clarifies that transfers of **bulk cash** are covered by the financial sanctions (para. 14). Calls upon States to prevent (i) the opening of branches of DPRK banks in their territories, (ii) the opening of branches of their national banks in the DPRK, (iii) new joint ventures and ownership interests of DPRK banks in their jurisdiction, if reasonable grounds to believe that these activities could contribute to prohibited programmes, activities or the evasion of the sanctions measures (paras. 12-13). Expands the prohibition on the provision of public financial support for trade from resolution 1874 to cases where the financial support could contribute to prohibited activities or the evasion of sanctions (para. 15).

Resolutions	*1718 (2006)*	*1874 (2009)*	*2087 (2013)*	*2094 (2013)*
5. Designations				
Designation List	None.	In 2009 and 2012, the Committee designated a total of 5 individuals and 11 entities (S/2009/222, S/2009/364 and S/2012/287).	Designates 4 individuals and 6 entities (para. 5(a)).	Designates 3 new individuals and 2 new entities (paras. 8-9).
Who can be designated?	Persons or entities engaged in or providing support for, including through other illicit means, DPRK's nuclear-related, other WMD-related and ballistic missile-related programmes, or by persons acting on their behalf or at their direction (para. 8(d) and (e)). Family members of such persons may also be designated for the travel ban.	No change.	Expands the designations criteria to include entities and individuals that have assisted the evasion of sanctions or in violating the provisions of resolutions 1718 and 1874 (para. 12).	Expands the designations criteria to include individuals and entities that have contributed to (i) the DPRK's prohibited programmes, (ii) activities prohibited by the resolutions or (iii) the evasion of sanctions (para. 27).
Travel ban	Prevent the entry or transit of designated persons, together with their family members (para. 8 (e))	No change.	Calls on States to exercise vigilance and restraint regarding the entry into or transit through their territories of individuals working on behalf of designated entities or individuals (para. 12).	Travel ban measures are extended to any individual whom a State determines is working on behalf or at the direction of a designated individual or entity or individuals assisting the evasion of sanctions or violating the resolutions. If the individual is a DPRK national, the State shall expel such individual consistent with applicable national and international law (para. 10).
Assets freeze	Freeze immediately the funds, other financial assets and economic resources that are owned or controlled, directly or indirectly, by the persons and entities designated or by persons or entities acting on behalf or acting at the direction of designated persons or entities (para 8 (d)).	No change.	Clarifies that no item may be transferred to designated entities or individuals (not only prohibited items) (para. 9).	Assets freeze is automatically extended to (i) any individual or entity acting on behalf of or at the direction of the designated individuals or entities, and (ii) to entities owned or controlled by them, including through illicit means (para. 8).

Resolutions	*1718 (2006)*	*1874 (2009)*	*2087 (2013)*	*2094 (2013)*
Diplomatic personnel	None.	None.	None.	Calls upon States to exercise enhanced vigilance over DPRK diplomatic personnel so as to prevent them from contributing to the DPRK's prohibited programmes or activities, or to the evasion of sanctions (para. 24).
6. Reporting by Member States				
Reporting on implementation	States are called upon to report to the Security Council within 30 days of adoption of the resolution on steps taken to implement para. 8 (para. 11).	States are called upon to report to the Security Council within 45 days of adoption of the resolution on concrete measures taken to implement para. 8 of 1718 and paras. 9, 10, 18, 19 and 20 of this resolution (para. 22).	Calls upon Member States to report and submit any additional information on implementing the resolutions (para. 10).	States are called upon to report to the Security Council within 90 days of adoption of this resolution on concrete measures taken to implement it (para. 25). Calls upon States to supply information at their disposal regarding non-compliance with the resolutions (para. 26).
Reporting on inspections	None.	Reporting of inspections, seizures and disposals must be submitted promptly to the Committee (para. 15). Reports of inspections that failed due to the lack of cooperation of the flag state (para. 16).	No change.	Report if any vessel refuses to allow an inspection where reasonable grounds existed to believe embargoed goods were aboard (para. 17).
Reporting on other matters	None.	Sale, supply or transfer of small arms or light weapons to the DPRK shall be notified to the Committee at least 5 days prior to selling (para. 10).	No change.	Calls upon States to communicate to the Committee any information available on transfers of DPRK aircraft or vessels to other companies that may have been undertaken in order to evade the sanctions, including renaming or re-registering (para. 19).
7. Other				
Force majeure	None.	None.	No claim shall lie in connection with any contract where its performance was prevented by the sanctions measures (para. 13).	No change (para. 30).

Annex II

Nuclear, other weapons of mass destruction and missile-related items subject to the measures imposed by paragraph 8 (a) (b) and (c) of resolution 1718 (2006) as of 12 May 2013

Nuclear-related items
1. All items listed in INFCIRC/254/Rev.11/Part1.
2. All items listed in INFCIRC/254/Rev.8/Part2.
3. Perfluorinated Lubricants.
4. UF6 Corrosion Resistant Bellow-sealed Valves.
Missile-related items
1. All items listed in S/2012/947.
2. Graphite designed or specified for use in Electrical Discharge Machining (EDM) machines.
3. Para-aramid fiber (Kevlar and other Kevlar-like), filament and tape.
4. Special corrosion resistant steels — limited to steels resistant to Inhibited Red Fuming Nitric Acid (IRFNA) or nitric acid, such as nitrogen stabilized duplex stainless steel (N-DSS).
5. Ultra high-temperature ceramic composite materials in solid form (i.e. blocks, cylinders, tubes or ingots) in any of the following form factors: o Cylinders having a diameter of 120 mm or greater and a length of 50 mm or greater; o Tubes having an inner diameter of 65 mm or greater and a wall thickness of 25 mm or greater and a length of 50 mm or greater; or o Blocks having a size of 120 mm x 120 mm x 50 mm or greater.
6. Pyrotechnically Actuated Valves.
7. Measurement and control equipment usable for wind tunnels (balance, thermal stream measurement, flow control).
8. Sodium Perchlorate.
Other WMD-related items
1. All items listed in S/2006/853* and S/2006/853/CORR.1.
2. Vacuum pumps with a manufacturer's specified maximum flow-rate greater than 1 m^3/h (under standard temperature and pressure conditions), casings (pump bodies), preformed casing-liners, impellers, rotors, and jet pump nozzles designed for such pumps, in which all surfaces that come into direct contact with the chemicals being processed are made from controlled materials.

*Note: All the lists included in the table above are available on the Committee website (*http://www.un.org/sc/committees/1718/xportimport_list.shtml).

Annex III

List of the Panel's missions and meetings

Below is a list of participation by the Panel in conferences, seminars, fora and meetings during the reporting period, listed by document number of the report to the Committee (which can be slightly different from date order).

Activities from 13 May 2012 until 12 May 2013

2012

- Conference: *Financing of Proliferation of WMD*, organized by the Government of the Republic of Korea, Seoul, Republic of Korea, 17-18 May 2012.
- Seminar: *Implementing Sanctions: Prospects and Problems* organized by the International Institute for Strategic Studies, Nairobi, Kenya, 23-24 May 2012.
- Meetings: *Consultations with the Government of Djibouti*, Djibouti, 26-28 May 2012.
- Meetings: *Consultations with the Government of Chile*, Santiago, Chile, 29-30 May 2012.
- Meetings: *Consultations with the Government of Brazil*, Brasilia, Brazil, 1 June 2012.
- Conference: *ICAO-WCO (International Civil Aviation Organization -World Customs Organization) - Singapore Joint Conference on Enhancing Air Cargo Security and Facilitation*, Singapore, 4-6 July 2012.
- Meetings: *Consultations with the Government of the United Kingdom*, London, United Kingdom, 12 July 2012.
- Meetings: *Consultations with the Government of Sweden*, Stockholm, Sweden, 16 July 2012.
- Conference: *Stockholm International Peace Research Institute*, Solna, Sweden, 17 July 2012.
- Forum: *APG (Asia Pacific Group) 15th Annual Meeting and Annual Forum on Technical Assistance and Training*, Brisbane, Australia, 16-20 July 2012.
- Meetings: *Consultations with the Government of the United States*, Washington D.C., USA, 29-30 July 2012.
- Meetings: *Consultations with the Government of the Republic of Korea*, Seoul, Republic of Korea, 29 July-2 August 2012.
- Inspections: *Inspection visit to Busan Customs Office*, Busan, Republic of Korea, 1 August 2012.

- Meetings: *Meetings with the Government of Japan and other experts*, Tokyo, Japan, 3, 6-10 & 15 August 2012.
- Meetings: *Meetings with the Government of the United Kingdom,* London, United Kingdom, 9 August 2012.
- Conference: *Working Group on Evaluations and Implementation of FATF (Financial Action Task Force),* Paris, France, 4-7 September 2012.
- Meetings: *Meetings with Mr. Keiichi Shirato of the Mainichi Shimbun newspaper and with other experts*, Washington D.C.,USA, 13 September 2012.
- Meetings: *Interview with Mr. Michael Ranger, a UK arms dealer convicted of attempting to sell DPRK-produced Man Portable Air Defence Systems (MANPADS),* London, United Kingdom, 17 September 2012.
- Meetings: *Consultations with the Government of Estonia,* Tallinn, Estonia, 24-25 September 2012.
- Conference: *7th Annual PICARD (Partnership in Customs Research and Development) Conference*, Marrakech, Morocco, 25-27 September 2012.
- Meetings: *Consultations with the Government of the Netherlands,* The Hague, Netherlands, 27-28 September 2012.
- Conference: *World Customs Organization*, Brussels, Belgium, 1 October 2012.
- Meetings: *Consultations with the Government of the Republic of Korea*, Seoul, Republic of Korea, 4-9 October 2012.
- Conference: *Financial Action Task Force Plenary meeting*, Paris, France, 17-19 October 2012.
- Meetings: *Consultations with the Government of the Republic of Uruguay*, Montevideo, Uruguay, 22 October 2012.
- Conference: *Meetings led by the Counter-Terrorism Committee Executive Directorate*, Amsterdam, Netherlands, 22-24 October 2012.
- Conference: *Managing Trade in Strategic Goods and Technologies*, Manila, Philippines, 23 October 2012.
- Meetings: *Consultations with the Government of Paraguay,* Asunción, Paraguay, 24 October 2012.
- Meetings: *Consultations with the Government of Japan*, Tokyo, Japan, 28-29 October 2012.
- Conference: *Seminar on Monitoring Illicit Arms Flows, organized by Stockholm International Peace Research Institute,* Addis Ababa, Ethiopia, 30-31 October 2012.

- Meetings: *Consultations with the Government of Ethiopia,* Addis Ababa, Ethiopia, 1 November 2012.
- Conference: *16th Meeting of the Council for Security Cooperation in Asia Pacific Study Group on Countering the Proliferation of Weapons of Mass Destruction in the Asia Pacific*, Ho Chi Minh City, Vietnam, 7-8 November 2012.
- Conference: *Korea Global Forum 2012 organized by the Ministry of Unification,* Seoul, Republic of Korea, 12-14 November 2012.
- Conference: *Plenary meeting of the Caribbean Financial Action Task Force (CFATF)*, Roadtown, British Virgin Islands, 12-15 November 2012.
- Conference: *World Customs Organization Conference on Strategic Trade Controls Enforcement*, Brussels, Belgium, 14-16 November 2012.
- Conference: *Maintaining the Momentum and Supporting the Facilitator - Prospects for a Zone Free from Weapons of Mass Destruction in the Middle East*, Amman, Jordan, 13-14 November 2012.
- Conference: *11th Jeju Conference on Disarmament and Non-Proliferation*, Jeju Island, Republic of Korea, 3-4 December 2012.
- Meetings: *Consultations with the Government of the Republic of Korea*, Seoul, Republic of Korea, 6 December 2012.
- Meetings: *Consultations with the Government of Austria*, Vienna, Austria, 10 December 2012.
- Meetings: *Consultations with the Commission for the Nuclear Test Ban Treaty Organization (CTBTO), International Atomic Energy Agency (IAEA), Organization for Security and Cooperation in Europe (OSCE) and United Nations Office on Drugs and Crime (UNODC),* Vienna, Austria, 11-12 December 2012.
- Conference: *17th Annual Conference on the Nuclear Non-Proliferation Regime,* Wilton Park, United Kingdom, 10-14 December 2012.
- Meetings: *Inter-sessional meetings of the Financial Action Task Force (FATF) Working Group on Evaluations and Implementation (WGEI)*, Luxembourg, Luxembourg, 10-14 December 2012.
- Meetings: *James Martin Centre for Non-proliferation Studies of the Monterey Institute of International Studies and meetings with various experts,* Monterrey, California, USA, 17 December 2012.

2013

- Meetings: *Discussions related to DPRK missile programmes, including outcomes of December 2012 launch with Professor Robert Schmucker and Dr. Markus Schiller*, Munich, Germany, 5 February 2013.
- Meetings: *Consultations with the Government of France,* Paris, France, 6 February 2013.
- Inspections: *Inspection of seized materials,* Draguignan, France, 7 February 2013.
- Meetings: *Roundtable with Non-government experts, organized by Johns Hopkins SAIS*, Washington D.C., USA, 11 February 2013.
- Meetings: *Consultations with the Government of the United States,* Washington D.C., USA, 12-13 February 2013.
- Conference: *The Evolution of Economic Sanctions: Increasingly Financial, Multilateral, and Robust, organized by Georgetown University Law School,* Washington D.C., USA, 13 February 2013.
- Meetings: *Plenary meeting of the Financial Action Task Force adopting technical and effectiveness compliance criteria with respect to targeted financial sanctions*, Paris, France, 18-22 February 2013.
- Conference: *20th Asian Export Control Seminar hosted by the Center for Information on Security Trade Control,* Tokyo, Japan, 26-27 February 2013.
- Meetings: *4th Session of the World Customs Organization (WCO) Capacity Building Committee meetings,* Brussels, Belgium, 25-27 February 2013.
- Meetings: *12th Session of the WCO Integrity Sub-Committee,* Brussels, Belgium, 28 February – 1 March 2013.
- Meetings: *Consultations with Government of Japan,* Tokyo, Japan, 6-8 March 2013.
- Meetings: *Consultations with the Government of Namibia,* Windhoek, Namibia, 15 March 2013.
- Conference: *UN Sanctions on North Korea: Prospects and Problems, organized by the International Institute for Strategic Studies*, Johannesburg, South Africa, 19 March 2013.
- Meetings: *Consultations with the Government of South Africa,* Pretoria, South Africa, 20 March 2013.
- Conference: *Private Sector Engagement Strategies Conference, hosted by Project Alpha and the Centre for Science and Security Studies at King's College London,* London, United Kingdom, 21 March 2013.

- Meetings: *Consultations with the Government of the United Kingdom*, London, United Kingdom, 22 March 2013.
- Meetings: *Government and private contacts regarding the Michael Ranger case*, London, United Kingdom, 22 March 2013.
- Meetings: *Johns Hopkins University SAIS, United States Korea Institute (USKI) to discuss matters regarding DPRK satellite imagery*, Washington D.C., USA, 26 March 2013.
- Meetings: *Consultations with the Government of the Republic of Korea*, Seoul, Republic of Korea, 3-4 April 2013.
- Inspections: *Inspection of the UNHA-3 rocket debris from the DPRK's 12 December 2012 launch*, Daejeon, Republic of Korea, 5 April 2013.
- Meetings: *Discussions on Stopping Black-Market Nuclear Technology Networks and on issues related to the implementation of UN sanctions on the DPRK*, Washington D.C., USA, 10-11 April 2013.

Planned forthcoming activities:

- Conference: *2013 World Customs Organization IT Conference and Exhibition*, Dubai, United Arab Emirates, 12-15 May 2013.
- Meetings: *Caribbean Financial Action Task Force XXXVII Plenary Meeting*, Managua, Nicaragua, 27-31 May 2013.
- Conference: *Council for the Security Cooperation in the Asia Pacific*, Manila, Philippines, 2-3 June 2013.
- Meetings: *Financial Action Task Force XXIV Plenary Meeting*, Oslo, Norway, 17-21 June 2013.
- Conference: *UN Sanctions on North Korea: Prospects and Problems" organized by the International Institute for Strategic Studies*, Dubai, United Arab Emirates (tbc), September 2013.
- Conference: *UN Sanctions on North Korea: Prospects and Problems" organized by the International Institute for Strategic Studies*, Hong Kong (tbc), December 2013.

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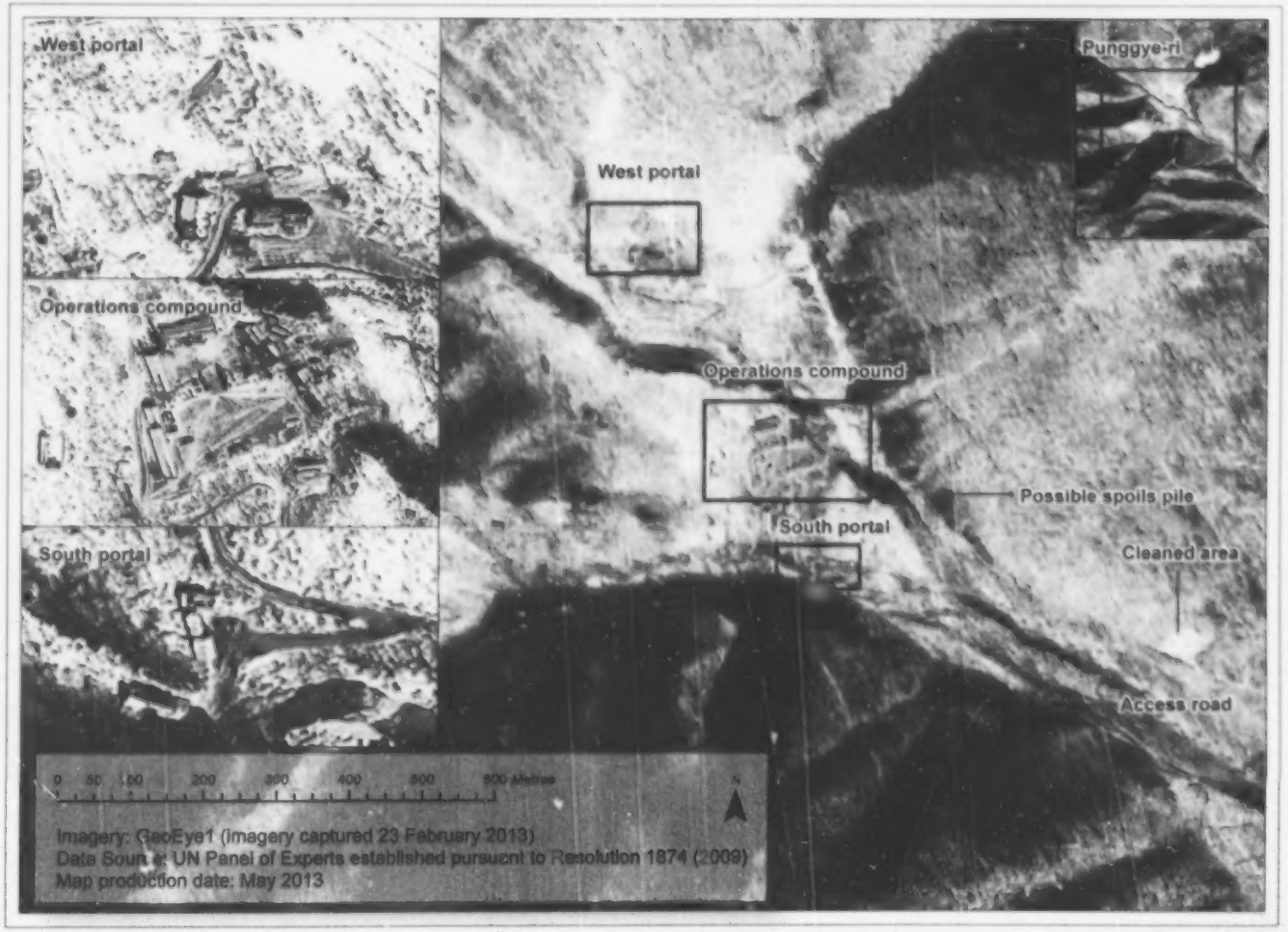
Annex IV

Imagery of suspected nuclear test site in the Democratic People's Republic of Korea (Punggye-ri)

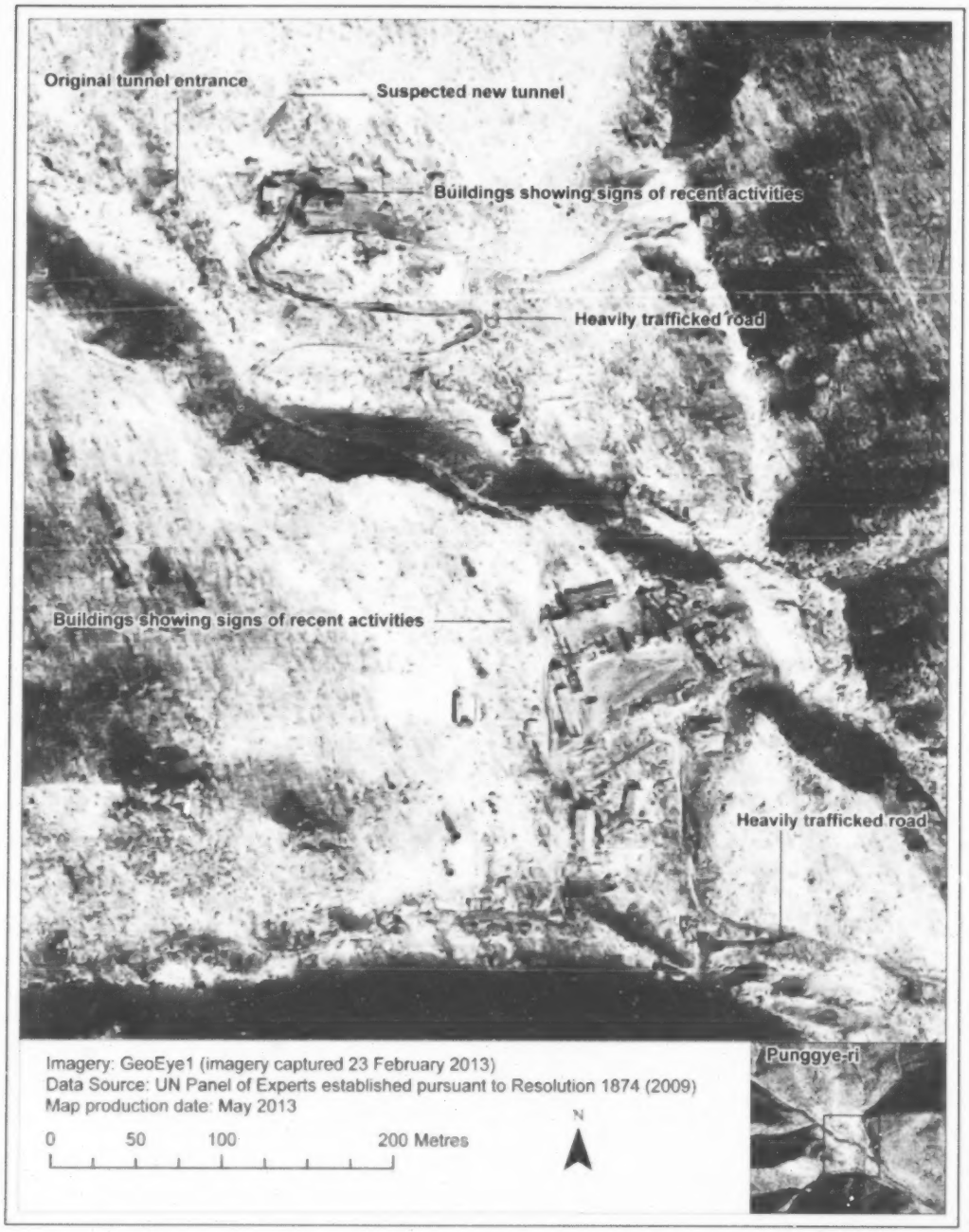


Map No. 4503.1
May 2013

Department of Field Support
Cartographic Section

Annex V

Imagery of ongoing activities at the suspected nuclear test site (Punggye-ri)

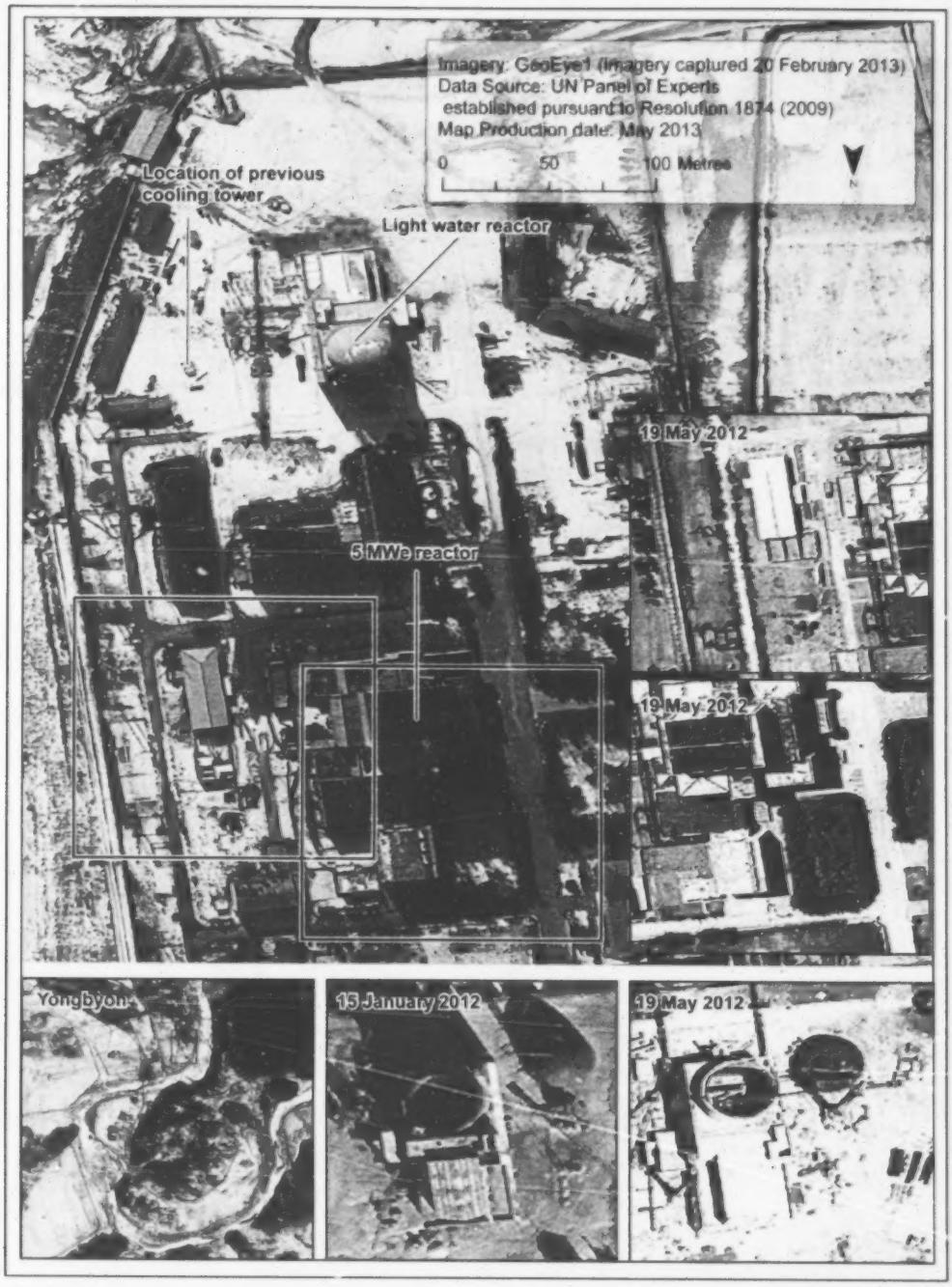

Original tunnel entrance
Suspected new tunnel
Buildings showing signs of recent activities
Heavily trafficked road
Buildings showing signs of recent activities
Heavily trafficked road
Imagery: GeoEye1 (imagery captured 23 February 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: May 2013
0 50 100 200 Metres
N
Punggye-ri

Map No. 4503.2
May 2013

Department of Field Support
Cartographic Section

Annex VI

Imagery of the light water reactor construction site and 5 MWe reactor

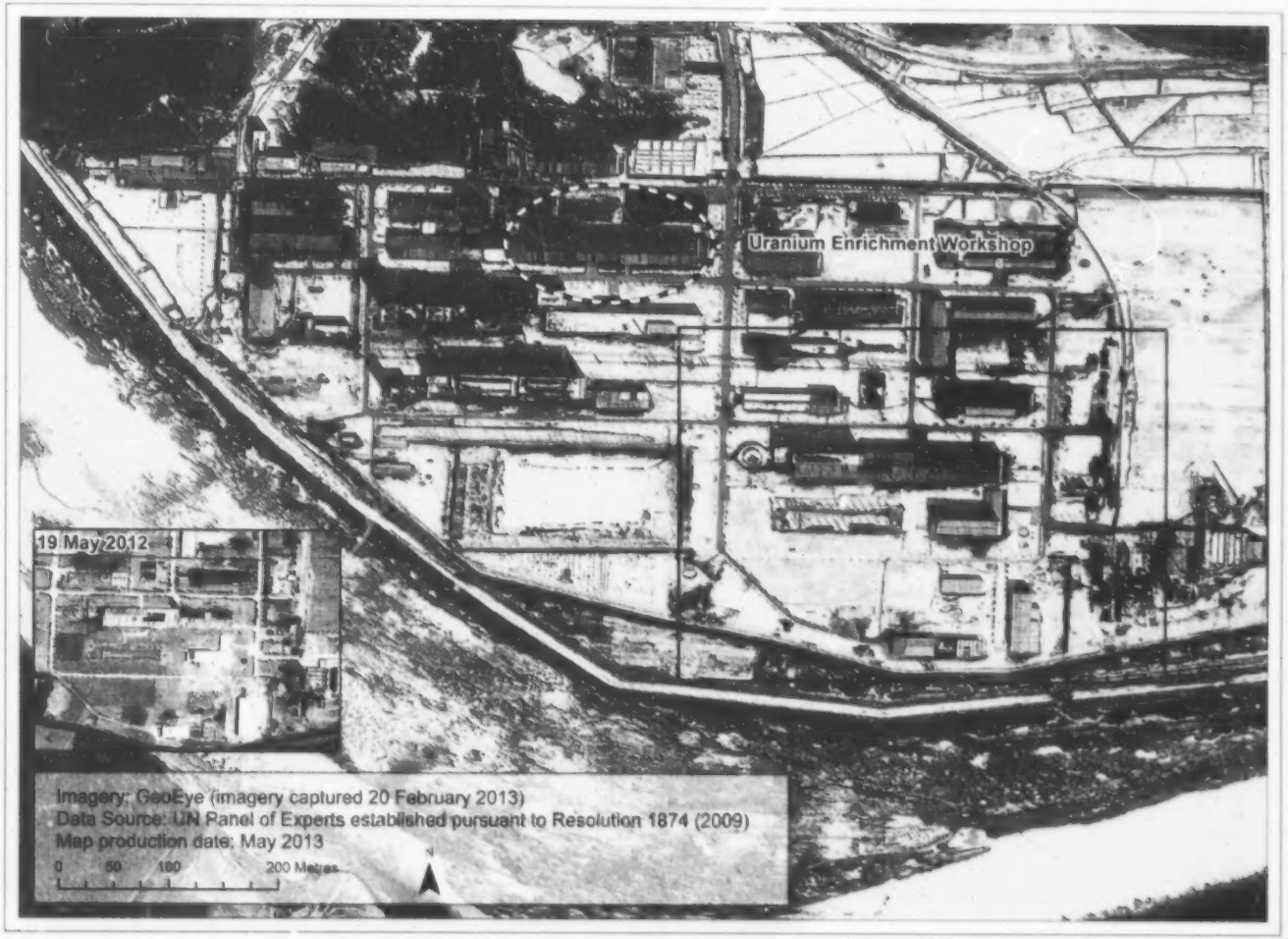


Map No. 4503.4
May 2013

Department of Field Support
Cartographic Section

Annex VII

Imagery of the fuel fabrication plant


Uranium Enrichment Workshop
19 May 2012
Imagery: GeoEye (imagery captured 20 February 2013)
Data Source: UN Panel of Experts established pursuant to Resolution 1874 (2009)
Map production date: May 2013
0 50 100 200 Metres
N

Map No. 4503.3
May 2013

Department of Field Support
Cartographic Section

Annex VIII

Parameters of items and materials recommended to be subject to the measures of paragraph 8 (a) (ii) of resolution 1718 (2006)

Maraging steel

- **Proposed parameters**: Maraging steel of any shape or form, 'capable of' an ultimate tensile strength of 1500 MPa or more at 293 K (20 degrees Celsius). (*Technical note*: The phrase 'capable of' encompasses maraging steel before or after heat treatment. The technical description above would ensure that 250-grade and higher maraging steel alloys are captured.)
- **Rationale:** *These items are essential for some gas centrifuge manufacturing activities. The Security Council's list of prohibited items already covers specific parameters. The proposal captures 250-grade maraging steel alloys which can still provide sufficient strength for use in rotating components of centrifuges with lower rotational speeds and lower separative capacities.*

Frequency changers (also known as converters or inverters)

- **Proposed parameters**: Frequency changers having all of the following characteristics, and specially designed software therefor: a) multiphase frequency output; b) capable of providing a power of 40 W or greater; and c) capable of operating anywhere (at any point or more) within the frequency range of between 600 and 2000 Hz. (*Technical note:* The functionality specified above may be met by certain equipment described or marketed as electronic test equipment, AC power suppliers, variable speed motor drives, or variable frequency drives.)
- **Rationale:** *These items are essential for gas centrifuge plants. The Security Council's list of prohibited items already covers specific parameters. The proposed 40W threshold is considered as the lowest power requirement to drive the smallest centrifuge.*

High-strength aluminium alloy

- **Proposed parameters**: Aluminium alloy, of any shape or form, 'capable of' an ultimate tensile strength of 460 MPa or more at 293 K (20 degrees Celsius). (*Technical note*: The phrase 'capable of' encompasses aluminium alloy before or after heat treatment.)
- **Rationale:** *These items are essential for some gas centrifuge manufacturing activities. The Security Council's list of prohibited items already covers specific parameters but places an unnecessary constraint on its shape or form; this constraint is removed in this proposal. The items can be modified for making cylindrical rotating components, including rotor cylinders, end caps, and baffle plates.*

Fibrous or filamentary materials and prepregs

- **Proposed parameters**: a) Carbon, aramid, or glass "fibrous or filamentary materials" having both of the following characteristics: a "specific modulus" exceeding 3.18 x (10 to the power of 6) m; and a "specific tensile strength" exceeding 76.2 x (10 to the power of 3) m; and b) prepregs which are thermoset resin-impregnated continuous "yarns", "rovings", "tows" or "tapes" with a width of 30 mm or less, made from carbon, aramid, or glass "fibrous or filamentary materials" controlled in (a) above.

- **Rationale:** *These items are essential for gas centrifuge manufacturing activities. The proposal differs from the parameters controlled by the Security Council's list of prohibited items in several aspects. First, it captures lower strength carbon fibers not controlled by this list but which can be used for centrifuge tubes within the controlled range. Second, it covers wider prepreg tape that can be used for acceptable rotor cylinders or other rotating components. These can be split into smaller widths with simple tape splitting machines, which fall within the controlled parameters. Third, the proposed parameters add aramid-based prepregs applicable for centrifuge production (aramid fibres have different chemical basis than carbon and glass). Further, wider parameters of modulus and tensile strength for fibrous or filamentary materials would take account of the usefulness of these items for the manufacture of low-quality centrifuges.*

Filament winding machines and related equipment

- **Proposed parameters**: a) Filament winding machines having all of the following characteristics: having motions for positioning, wrapping, and winding fibers coordinated and programmed in two or more axes; specially designed to fabricate composite structures or laminates from "fibrous or filamentary materials"; and capable of winding cylindrical rotors of diameter between 75 and 400 mm and lengths of 300 mm or greater;
  b) coordinating and programming controls for filament winding machines specified in (a) above; and c) mandrels for filament winding machines specified in (a) above.
- **Rationale:** *These items are used for gas centrifuge rotating components. The Security Council's list of prohibited items already covers specific parameters. The proposal adopts shorter lengths of cylindrical rotors and adds the phrase "mandrels." Manufacture of centrifuges using shorter rotors and shorter rotor sections has already been investigated. The 300mm threshold is regarded as the shortest practicable length worth considering in this regard.*

Ring magnets

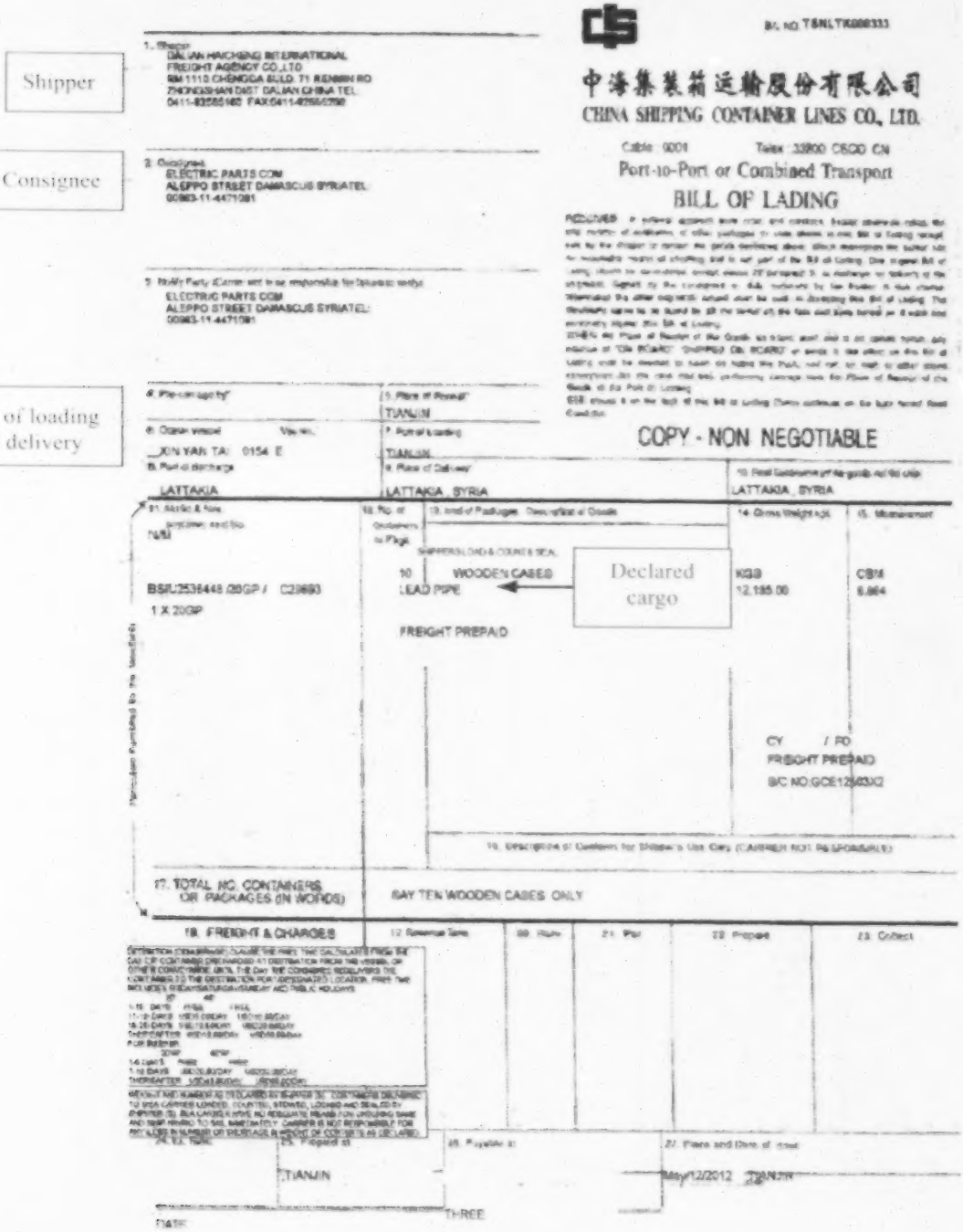
- **Proposed parameters**: Permanent magnetic materials in the shape of rings having both of the following characteristics: a) outside diameter between 30 mm and 90 mm; and
  b) made of any of the following magnetic materials of aluminium-nickel-cobalt, ferrites, samarium-cobalt, or neodymium-iron-boron.
- **Rationale:** *These items are essential for gas centrifuge manufacturing activities. The Security Council's list of prohibited items does not cover ring magnets, other than in the context of the upper magnetic bearing suspension assembly of which ring magnets are a key component. The proposal covers dimensions and materials of direct proliferation concern.*

Semi-hard magnetic alloys in thin strip form

- **Proposed parameters**: Magnetic alloy materials in sheet or thin strip form having both of the following characteristics: a) thickness of 0.1 mm or less; and b) made of any of the following magnetic alloy materials of iron-chromium-cobalt, iron-cobalt-vanadium, iron-chromium-cobalt-vanadium, or iron-chromium.
- **Rationale:** *These items are essential for gas centrifuge manufacturing activities, but are not currently on the Security Council's list of prohibited items. The proposed thickness and materials cover design feature components of the centrifuges that were distributed by a clandestine supply network.*

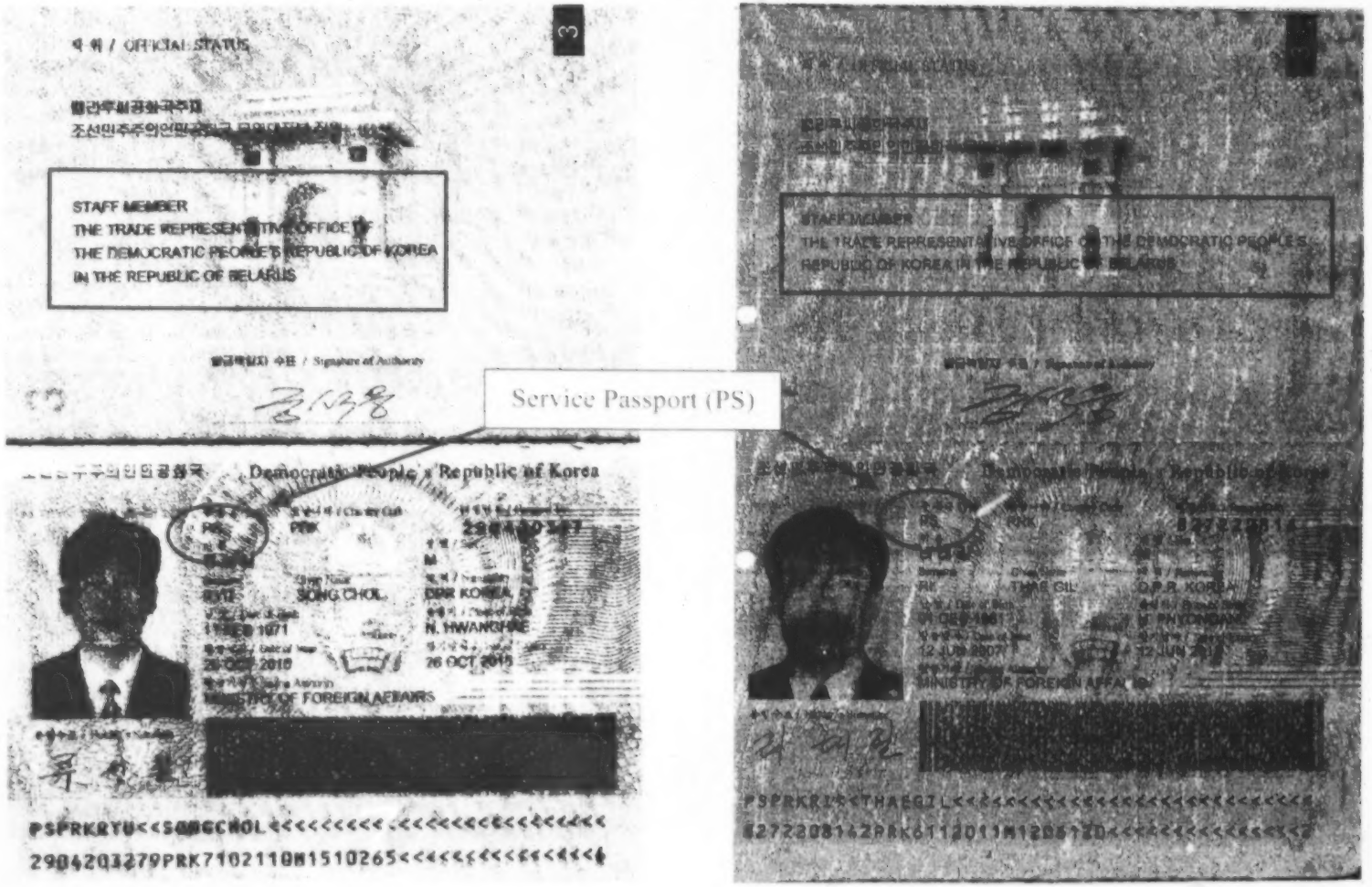
Annex IX

Bill of lading (missile-related shipment seized by the Republic of Korea)



Annex X

Passports of Ryu Song-Chol and Ri Thae-Gil



Annex XI

List of countries hosting embassies, consulates general, permanent missions or trade representative offices of the Democratic People's Republic of Korea[1]

Embassy (43)	Asia (18)	Bangladesh *	Africa (10)	DR Congo
		Cambodia		**Egypt ***
		China* (Consulate: Shenyang*, Hong Kong)		Equatorial Guinea
		India *		Ethiopia *
		Indonesia *		Guinea
		Iran *		Libya
		Kuwait *		**Nigeria**
		Laos		South Africa
		Malaysia *		Tanzania
		Mongolia *		Uganda *
		Myanmar	Europe (11)	Austria
		Nepal		**Bulgaria ***
		Pakistan (Karachi*)		**Czech ***
		Singapore *		**Germany ***
		Syria *		Italy
		Thailand *		**Poland ***
		Uzbekistan		**Romania**
		Vietnam *		**Russia ***
				(Consulate: Nakhodka*)
	Americas (4)	**Brazil (Sao Paolo*)**		**Sweden ***
		Cuba *		Switzerland
		Mexico		**United Kingdom**
		Peru *		
Permanent Mission (3)			France, Switzerland (Geneva), USA (New York),	
Trade Representative Office (5)			Belarus, France, Venezuela, Zambia, Zimbabwe, Venezuela	

* Countries (or cities) where DPRK maintains trade/commercial offices attached to its Embassy or Consulate (25 Countries). DPRK has 6 trade offices in China (Beijing, Changchun, Dalian, Dandong, Guangzhou and Shenyang) and 4 in the Russian Federation (Moscow, St. Petersburg, Khabarovsk and Nakhodka).

Bold Countries maintaining an Embassy in the DPRK (23 countries).

[1] This list was prepared by the Panel based on information obtained from various sources. The DPRK has established diplomatic relations with 163 countries.

Annex XII

Transporter-erector-launchers observed during the April 2012 military parade

A. End user certificate

최종사용자 증명서

END USER CERTIFICATION

조선민주주의 인민공화국 림업성 림목무역총회사는 중화인민공화국 무한산장수출입유한공사와 맺은 계약 (계약번호 IME10S054)에 따라 수입하는 림산용멀목은반대차 (WS51200) 6 대를 조선민주주의 인민공화국에서 목재운반용으로 사용한다는것을 확인한다.

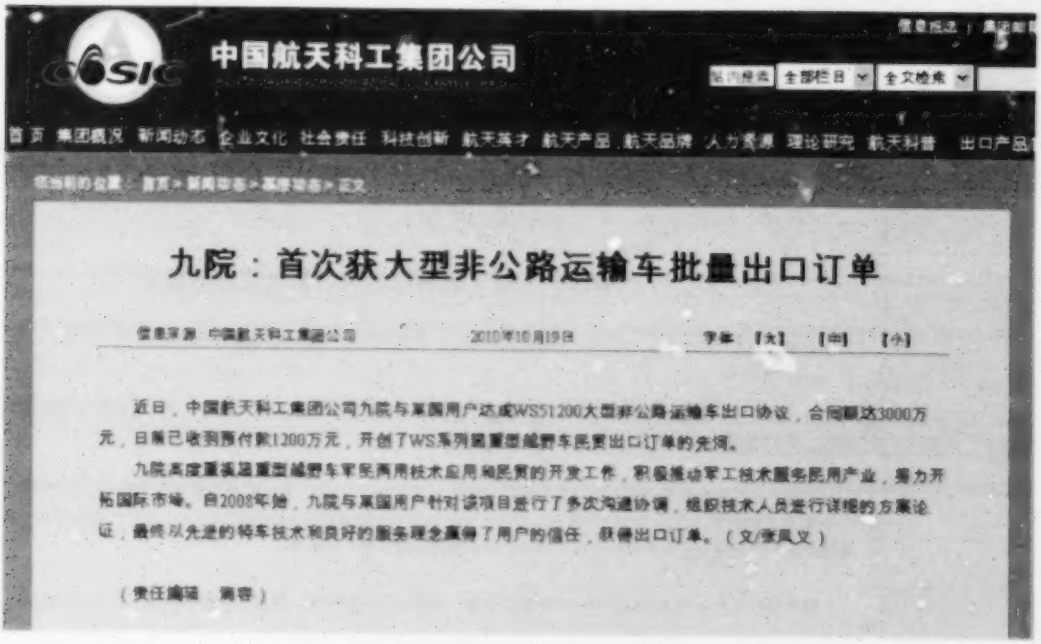
D.P.R. KOREA FORESTRY MINISTRY RIM MOK GENERAL TRADING CO., LTD CERTIFICATES THAT THE 6 UNITS OF THE OFF-ROAD TRUCKS (WS51200) WHICH ARE IMPORTED FROM WUHAN SANJIANG IMP & EXP CO., LTD (P.R.CHINA) ACCORDING TO THE CONTRACT (CONTRACT NO: IME10S054) ARE THE VEHICLES FOR TRANSPORTING THE TIMBERS IN D.P.R.KOREA.

NOV 05 2010

D.P.R.KOREA FORESTRY MINISTRY

RIM MOK GENERAL TRADING CO., LTD

B. Announced sale of WS51200 vehicles



Source: www.casic.com.cn/n16/n1115/n2888/548509.html (accessed 17 April 2012)

The Ninth Academy: First-ever Bulk Export Order for Large Off-road Vehicles

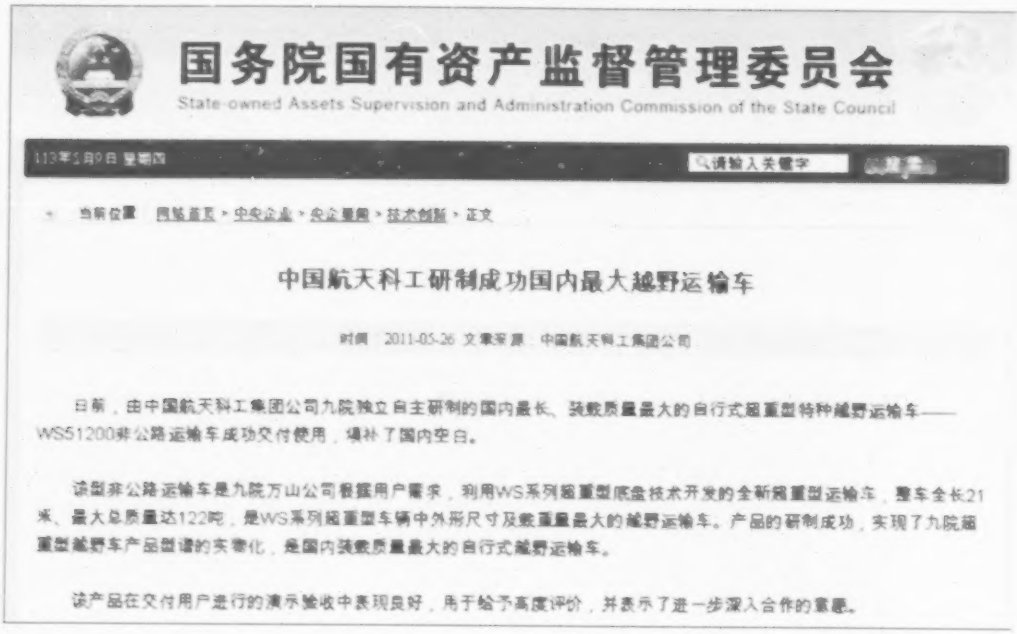
Source: China Aerospace Science and Industry Corporation, October 19, 2010

Recently, the Ninth Academy of the China Aerospace Science and Industry Corporation reached an agreement with a client in a certain country regarding the export of WS51200 large off-road vehicles, with the contract valued at 30 million RMB yuan, for which it has received an advance payment of 12 million RMB yuan. This marks the first-ever nongovernmental order that China has received for the WS series ultra-heavy-duty off-road vehicles.

The Ninth Academy has attached great importance to the application of dual-use technology and the development of nongovernmental trade related to the production of ultra-heavy-duty off-road vehicles, and has earnestly promoted the adaptation of military technology for civilian industrial use, while striving to explore the international market. Since 2008, the Ninth Academy had been conducting discussions and consultations on several occasions with a client in a certain country regarding the above-mentioned project, designating technical personnel to carry out a detailed assessment and demonstration to justify the project, before it won the client's confidence and trust with its state-of-the-art special vehicle technology and good concepts of service, thus obtaining the export order. (Text/Zhang Fengyi)

[Translation: United Nations]

C. Announced development of WS51200 vehicles



国务院国有资产监督管理委员会

State-owned Assets Supervision and Administration Commission of the State Council

113年5月9日 星期四 请输入关键字

当前位置 网站首页 > 中央企业 > 央企集锦 > 技术创新 > 正文

中国航天科工研制成功国内最大越野运输车

时间：2011-05-26 文章来源：中国航天科工集团公司

日前，由中国航天科工集团公司九院独立自主研制的国内最长、装载质量最大的自行式超重型特种越野运输车——WS51200非公路运输车成功交付使用，填补了国内空白。

该型非公路运输车是九院万山公司根据用户需求，利用WS系列超重型底盘技术开发的全新超重型运输车，整车全长21米、最大总质量达122吨，是WS系列超重型车辆中外形尺寸及载重量最大的越野运输车。产品的研制成功，实现了九院超重型越野车产品型谱的实现化，是国内装载质量最大的自行式越野运输车。

该产品在交付用户进行的演示验收中表现良好，给予高度评价，并表示了进一步深入合作的意愿。

Source: www.sasac.gov.cn/n1180/n1226/n2410/n314319/13551197.html
(accessed 19 April 2012)

China Aerospace Science and Industry Corporation has successfully developed the nation's largest off-road vehicle

Date: 26 May 2011 Source: China Aerospace Science and Industry Corporation

The WS51200 non-highway truck is a self-propelled ultra-heavy-duty special-use off-road vehicle with the longest body and largest payload mass of all such vehicles in China. It was independently developed by the Ninth Academy of the China Aerospace Science and Industry Corporation and its recent successful delivery to the client has filled a gap in this sector in China.

This off-highway truck is an entirely new type of super-heavy vehicle and was developed by the Wanshan Company of the Ninth Academy in accordance with the client's needs, using the WS series heavy-duty chassis technology. The vehicle has a body length of 21 metres and a maximum total mass of 122 tons, making it the largest off-road vehicle in terms of both physical dimensions and payload among all the WS series super-heavy vehicles. The successful development of this self-propelled off-road vehicle, which has the largest payload mass of all such vehicles in China, highlights the transition from design to production of the Ninth Academy's range of super-heavy-duty off-road vehicles.

This product performed well during the demonstration and acceptance process at the time of delivery. The client praised the product highly and expressed willingness for further cooperation.

[Translation: United Nations]

D. Public commercial brochure of WS51200 vehicles

Vehicle type	*Drive format*	*Engine*	*Rated power*	*Emission standards*	*Maximum torque*
WS51200	16 x 12	KTTA19-C700	522 KW	National stage III	2731 N·m

Speed change box	*Total weight*	*Curb weight*	*Load weight*	*External shape specification*	*Tire specification*
ZF WSK440+16S251	122 tons	42 tons	80 tons	20110 x 3350 x 3350 mm	1600 x 600-685

[Translation: Panel of Experts]

E. Photo analyses of transporter-erector-launchers and WS51200 vehicles

8-axle transporter erector launcher and WS51200 vehicles as advertised by CASIC

Sources: Bobby Yip/Reuters and public commercial brochure

Comparison of the paraded TEL (top) and WS51200 (bottom) fenders showing similar head and fog lights, tow cable hooks, bolts and fender bottom plate.[2]

Comparison of the paraded TEL (left) and WS51200 (right) showing that the exhaust system and likely fuel tanks are identical.[3]

[2] Note in this figure the paraded TEL picture has been lightened to better show characteristics.
[3] Note in this figure the paraded TEL picture has also been lightened and the contrast adjusted to better show characteristics.

Annex XIII

Arms shipment seized by Thailand in December 2009

A. Additional information

Aircraft history

1. The Ilyushin 76 involved (Manufacturer's Serial Number 3426765) has a long record of being used for illicit arms transfers. Since 1997, the aircraft had been operated by various companies designated for sanctions by the Liberia Committee.[4] In 2003, it was transferred to GST Aero, renamed East Wing around 2006 after being banned from flying into the EU (March 2006). Both names are well known to other UN Sanctions Panels.[5]

4L-AWA at Don Mueang airport, Bangkok

Source: Thai authorities

Aircraft ownership and management

2. Only a few weeks before the flight was impounded in Bangkok, its ownership was transferred to Overseas Cargo FZE, an entity based in the UAE and headed by Svetlana Zykova, Aleksandr Zykov's wife. This entity is also known to other UN Sanctions Panels.[6] Overseas Cargo, in turn, leased the aircraft to Air West, an entity based in Georgia. The aircraft was registered in Georgia in September 2009.

[4] These companies are Central African Airlines, Air Pass and Air Cess; see the assets freeze list available at www.un.org/sc/committees/1521.

[5] In May 2007, an aircraft with GST Aero markings was observed unloading what were believed to be arms and ammunition in Chad (see S/2007/584, paragraph 135). In April 2008, pick-up vehicles suspected of being intended for one of Darfur's rebel groups were seized on board an East Wing Il-76 (See S/2008/647, paragraph 298).

[6] GST Aero and Overseas were already part of a complex chain of ownership of an aircraft which delivered weapons to Somalia in 2006 (See S/2006/913, paragraphs 43-53 and annexes VII and VIII).

3. The Panel believes that Air West was used by Zykov as a ghost operator to circumvent the EU ban on East Wing (April 2009)[7] and the subsequent EU ban on all air carriers registered in Kazakhstan (July 2009).[8] Significantly, the aircraft was transferred to Overseas Cargo and Air West only after a previous attempt to use another Kazakh carrier as a front operator was thwarted by the EU ban on all carriers registered in that country.

4. It also had been established by a journalist who thoroughly investigated this case and shared information with the Panel that the crew manning the Bangkok flight had long worked for East Wing. The claim that the crew members were officially on leave from East Wing at the time of the flight is largely contradicted by the testimonies of their relatives.[9]

5. Further, Air West's claims that it is unrelated to Zykov's network are seriously undermined by the fact that it shared an email address and a fax number with SP Trading (see in annex XIII, sect. C, an extract of the official register of airlines published by the Russian government and copy of a SP Trading letter). According to Ukrainian authorities, the same fax number has been registered since 10 October 2011 for the company GST Ukraine, an entity that the Panel has reason to believe is related to Zykov.

Leasing of the aircraft at the time of the flight

6. According to documents which surfaced after the seizure in Bangkok, the aircraft was leased by Air West to SP Trading, an entity registered in New Zealand, which chartered it to Union Top Management (UTM), another entity based in Hong Kong, for a Pyongyang - Tehran flight transiting via Ukraine (flights number AWG 731 and AWG 732).

7. Investigations of UTM show that it is a shell company created days prior to the flight (see annex XIII, sect. D) whose purpose was to hide the identity of the parties involved. Incorporation documents indicate that the director of UTM was a male Spanish citizen who is also supposed to have signed the Charter Agreement with SP Trading on 4 December 2009 (see annex XIII, sect. F). However, the Panel confirmed that no identification card or passport was delivered by Spain for a man with this identity, nor lived at the address provided, and that the passport number corresponds to a Spanish passport delivered to a woman. Further, the Panel found no evidence of payments having been made by UTM to SP Trading prior to the flight as required by the contract, nor documentary evidence that SP Trading even communicated the necessary banking information to UTM.

[7] See EU Press Release dated 8 April 2009 (IP/09/560).
[8] See EU Press Release dated 14 July 2009 (IP/09/1136).
[9] See Simon Shuster, "Shadowy Arms Deal Traced to Kazakhstan," *Associated Press*, 22 January 2010.

8. SP Trading was registered in New Zealand in July 2009 in the names of nominee directors at the request of a UK agent. The London-based company formation agent was acting on behalf of Iurii Lunov and Igor Karev-Popov. SP Trading operated out of an office located in Ukraine (19-21 Frunze Street, Kiev).[10] Its lease contract with Air West signed on 5 November 2009 (see annex XIII, sect. E) is as problematic as the charter contract with UTM. Only two legally registered air carriers can agree on a lease under Aircraft Crew Maintenance Insurance (ACMI) conditions. However, there is no evidence that SP Trading was a legally registered air carrier, as also suggested by the fact that the flight was undertaken using Air West's call sign (4L-AWA).

9. Changes to the initial financial arrangements also raise suspicions.[11] On 10 November 2009, they both agreed that SP Trading would direct payment to the aircraft owner, Overseas Cargo, another indication that Air West was only to act as a ghost operator. In any event, the Panel's investigations established that SP Trading made no payment to Air West or Overseas Cargo from the bank account specified in the contract. SP Trading however had dealings suggestive of money laundering with a British Virgin Island-registered company.

Flight route

10. The official flight plan submitted to Thai authorities (see annex XIII, sect. G) does not indicate that the aircraft was supposed to immediately continue its route towards Mehrabad International Airport (Iran) after the stopover in Ukraine as required in the contract between UTM and SP Trading (see annex XIII, sect. F). This is a common clandestine delivery technique where aircraft land ostensibly in a declared delivery State but immediately depart that State using another flight plan to transfer the shipment to the real destination. It can safely be assumed that a chartered cargo aircraft whose flight plan would have directly connected the DPRK to Iran, two embargoed countries, would have attracted higher levels of scrutiny along its route.

11. Further, a more direct flight route would have saved considerable mileage on both legs and therefore greatly reduced the shipping costs. This circuitous route was probably chosen to avoid airports which pose higher risks of detection.

[10] 19-21 Frunze Street is also the address of GST Ukraine previously mentioned.

[11] Only two amendments were referenced in the initial contract signed on 5 November 2009 regarding payment amount and procedure. Addendum No 1 established the cost of the ACMI hour to be charged by Air West to SP Trading. Addendum No 2 established the terms for payment and settlement.

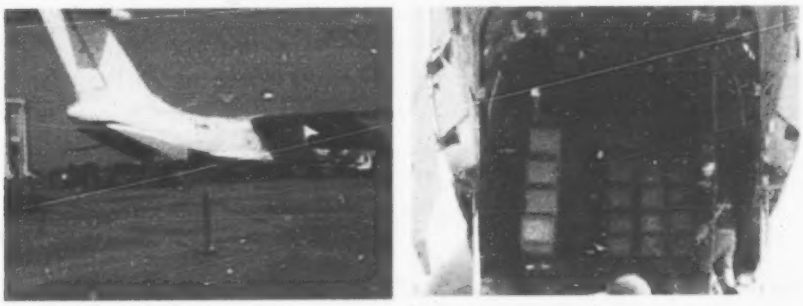
Documents relating to the cargo

12. The various documents relating to the cargo reveal multiple irregularities and contradictions. The air waybill (see annex XIII, sect. H) supplied by SP Trading is so deficient that the Panel can only conclude that it has no commercial or legal value. It is not numbered; shows no issuing carrier's name and address; no signatures or stamps; and no date or place of execution, as required by IATA regulations to authenticate it as genuine. Further, it contains no information about the aircraft, the flight number or its operator.

13. This air waybill, a packing list also supplied by SP Trading (see annex XIII, sect. I) and the request to land in Bangkok (see annex XIII, sect. J) provide the name of a consignee in Ukraine, Aerotrack Ltd, supposed to be located at the exact same Kiev address as SP Trading, but nowhere to be found by Ukrainian authorities in their official registries. According to these, the DPRK consignor was an entity named Korean General Trading Corporation.

14. Further, another set of more genuine shipping documents was found by Thai authorities in the plane (see annex XIII, sects. K and L). Worse, the information contained in these documents is completely different. An Air Koryo air waybill (see annex XIII, sect. L) provides the name of a different DPRK shipper (Korea Mechanical Industry Co. Ltd) and an intended recipient located in Iran (Top Energy Inst.). This last document is also inconsistent by indicating that the destination of the flight was Bangkok.

Unloading of arms discovered on board 4L-AWA



Source: Thai authorities

Conclusion

15. Any of the points mentioned above raise suspicions about the roles played by Aleksandr Viktorovich Zykov, Iurii Lunov and Igor Karev-Popov. Considered as a whole, the Panel concludes that these three individuals were highly complicit in this illicit transfer.

B. Passports of Iurii Lunov and Igor Karev-Popov

Паспорт є власністю України
This passport is the property of Ukraine

УКРАЇНА • UKRAINE

ПАСПОРТ
PASSPORT

P UKR EE095459

ЛУНОВ/LUNOV

ЮРІЙ/IURII

УКРАЇНА/UKRAINE

08 TRA/MAY 80 2204103997

ЧИЛ Н./ДНІПРОПЕТРОВСЬК/UKR

30 TRA/MAY 08 8035

30 TRA/MAY 18

P<UKRLUNOV<<IURII<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<

EE095459<4UKR8005085M1805305220430399744<<<<70

Паспорт є власністю України
This passport is the property of Ukraine

УКРАЇНА • UKRAINE

ПАСПОРТ
PASSPORT

P UKR EC499824

КАРЄВ-ПОПОВ/KAREV-POPOV

ІГОР/IGOR

УКРАЇНА/UKRAINE

11 ЖОВ/OCT 1977 2840803551

Ч/М м. КИЇВ/UKR

06 КВІ/APR 2006 8027

06 КВІ/APR 2016

P<UKRKAREV<POPOV<<IGOR<<<<<<<<<<<<<<<<<<<<<<

EC499824<2UKR7710115M1604069284080D3551<<<<46

C. Extract of official register of airlines published by the Russian Federation and SP Trading letter

Official Register of Airlines published by the Russian Federation (dated 25 September 2009)

25.09.2009 **AIR**

		ИКАО	ИАТА	Вн.код
AIR WEST a/k				
AIR WEST		**AWG**		
Радиотелефонный позывной	**WEST GEORGIA**			

ООО "AIR WEST"
Государство **ГРУЗИЯ**
Аэропорты базирования
Батуми **УГСБ** **UGSB** **ГРУЗИЯ**

П/адрес **6000, Грузия, г. Батуми, ул. Казбеги, д. 21**
Ю/адрес **6000, Грузия, г. Батуми, ул. Казбеги, д. 21**
Телефон **+380 (44) 455-9308, +995 (222) 3-1422, +995 (222) 3-1438, +995 93 20 23 37**
Факс **+380 (44) 417-2376, +995 (222) 3-1438**
E-mail **Levanikak@mail.ru uzh@i.com.ua**
Руководитель **Какабадзе Леван Нодарович** **+995 (222) 3-1422**
Главный бухгалтер **Патаридзе Елизавета Валерьяновна**

Air West Georgia
fax number and email
+380 (44) 417-2376
uzh@i.com.ua

SP Trading letter to the Kazakhstan Embassy in Bangkok (dated 13 December 2009)

SP Trading Ltd.

TO:
Diplomatic mission of Kazakhstan in Bangkok

FROM:
"SP TRADING LTD"
Level 5, 369 Queen Street,
Auckland, New Zeland,
Registration #2289331

13.12.2009

SUBJECT: Air West Georgia Il-76 at Bangkok on Dec 12th 2009

Dear Madams and Sirs,

We would like to inform you that "SP TRADING LTD" Company received an charter request from "Union Top Management LTD" Company, Hong Kong, union_top@ops.mail.com, CEO Hung Cabezas, contact person: Katalya, tel: 85227454938004 dd. 02.12.2009, for the general cargo carrying (official component) on route Northern Korea – Ukraine (technical stop) from. Our Company demanded full packing list of the cargo to be carried, in order to ensure clearance of the transported cargo. The agreement has been signed on 04.12.2009. Air company "Air West LTD" has been involved by "SP TRADING LTD" on ACMI conditions, with reference to the Agreement # S – LL – 2009/LO by and between "SP TRADING LTD" and "Air West LTD". Before applying requests for the over fly and landing permissions, our Company received AIRWAYBILL from "Union Top Management LTD", Filled by Consignor in Northern Korea ("Korean General Trading Corporation"), where, with compliance to previously received packing list, official component has been specified. Only after the above mentioned procedures "Air West LTD" Company proceeded to the flight planning, in accordance to the regulations of ICAO and IATA, mentioning character of the transported cargo, "SP TRADING LTD", "Air West LTD" and crew of the aircraft could not even imagine that the transported cargo doesn't match to those mentioned in packing list and AIRWAYBILL.

As per international transportation regulations, crew accepts cargo on board with reference to the documentation issued by the shipper and responsible ONLY for its safety. Crew has no right to open cargo package and check content. Air Charter Contract states that "Air West LTD" takes no responsibility for non-coincidence of the cargo to be carried with the documents provided on board. Being aware of aforementioned, by deception and forgery, "Union Top Management LTD" shifted responsibility on to "SP TRADING LTD", "Air West LTD" and crew of the aircraft.

Hereby, accordingly to the aforementioned, we declare that we do not consider ourselves guilty of what happened and kindly asking you to exempt "SP TRADING LTD", "Air West LTD" and our employees from juridical and other proceedings.

Best regards,
Representative of "SP TRADING LTD" in Ukraine
[illegible]
Tel: +38050 [illegible]
Fax: +38044 417 2376
E-mail: uzh@i.com.ua, [illegible]@mail.ru

Level 5, 369 Queen Street, Auckland, New Zealand

Same fax
number and
email address

SP Trading Ltd Representative
office in Ukraine
fax number and email
+380444172376
uzh@i.com.ua

D. Union Top Management incorporation documents

Certificate of incorporation (dated 2 November 2009)

CR

CERTIFICATE OF INCORPORATION

公司註冊證書

I hereby certify that

UNION TOP MANAGEMENT LIMITED

聯高管理有限公司

is this day incorporated in Hong Kong under the Companies Ordinance

(Chapter 32) and that this company is limited.

Issued on 2 November 2009.

for Registrar of Companies

Hong Kong

Note 1:

Registration of a company name with the Companies Registry does not confer any trade mark rights or any other intellectual property rights in respect of the company name or any part thereof.

Notification of change of Secretary (dated 10 November 2009)

CR

Notification of Change of Secretary and Director (Appointment / Cessation)

Form D2A

Company Number 1386743

1 Company Name

UNION TOP MANAGEMENT LIMITED

2 Details of Change

A. Cessation to Act as Secretary / Director

Capacity: Secretary / Director / Alternate Director — Alternate to N/A

Name of Individual Secretary / Director

OR

Chinese and English Name of Corporate Secretary / Director

EASYTIME DEVELOPMENT LIMITED

Reason for Cessation: Resignation / Others / Deceased

Date of Cessation

Please indicate whether the director / alternate director who is ceasing to act will continue to hold office as alternate director / director in the company after the date of cessation: Yes / No

Processor's Reference

Name: R & G MANAGEMENT CONSULTANCY

Address: FLAT B, 7/F., EUROPEAN ASIAN BANK BUILDING, 369 NATHAN ROAD, KOWLOON.

Tel: 2391 7737 Fax: 2789 3362

For Official Use

10 NOV 2009

Form D2A

Company Number 1386743

B. Appointment of Individual Secretary / Director

Capacity: Secretary / Director / Alternate Director — Alternate to N/A

Name in Chinese: (Nil)

Name in English: CABRERO GARMENDIA (Surname) DARIO (Other Names)

Previous Names: (Nil)

Alias: (Nil)

Residential Address: 400 GRAN VIA DEL CORTS CATALANES, 08015, BARCELONA, SPAIN — Country: SPAIN

Correspondence Address: Care of addresses and post office box numbers are not acceptable

E-mail Address: (Nil)

Identification

Hong Kong Identity Card Number: (Nil)

Passport: Issuing Country: SPAIN — Number: Q499026

Date of Appointment

Please indicate whether the director / alternate director whose appointment is reported above is already an existing alternate director / director in the company at the time of this above appointment: Yes / No

All directors of the company are advised to read the latest version of the "Non-Statutory Guidelines on Directors' Duties" published by the Companies Registry and acquaint themselves with the general duties of directors outlined in the Guidelines.

Consent to Act as Director

I consent to act as a director / alternate director of this company and confirm that I have attained the age of 18 years.

Signed

Page 2

E. Lease contract signed by Air West and SP Trading (5 November 2009)

AGREEMENT№ 05-11-2009/01

"5" November 2009

Aircompany «Air West Ltd" further referred to as "the Lessor" in the person of its Director Mr. Kakhabadze Levan, and aircompany "SP TRADING LTD" further referred to as "the Lessee" in the person of its director Lu Zhang, have entered into this Agreement as set forth below:

1. SUBJECT

1.1. The Lessor shall provide for leasing under ACMI without ground flight hours for operations under Lessee programs IL-76T Reg. 4L-AWA , cargo aircraft, maximum lifting capacity- 45 tons, further referred to as the "Aircraft", the flight crew, having authority for international operations, and the maintenance crew to undertake the cargo conveyances.

The flights will be organized in keeping with the schedule coordinated by both the Lessor and the Lessee in the most satisfactory way. The flights schedule already established can vary be changed by the Lessor having due regard to the force majeure circumstances whichever may apply.
The Maximum payload cannot exceed the corresponding engineering and navigation estimation (45tons) and can only be reduced by the Aircraft captain depending on navigation circumstances.

2. GENERAL PROVISIONS

2.1. The Aircraft, spare parts, equipment and other assets which belong to the Lessor can under no circumstances be declared the property of the Lessee.
2.2 The Lessee should apply for the flight authorization on his own.
2.3 The Lessee should operate the aircraft in such a way so as to avoid any action which may cause the prohibition of the operations, arrest or confiscation of the aircraft or may bring to penalty imposed by official authorities either of Georgia or the country of sojourn.
2.4 The Lessee shall not transport the goods prohibited for transportation under the "Regulations on Cargo Air Conveyances, in particular, drugs.

3. THE AIRCRAFT

3.1. The aircraft specifications must correspond to all technical and commercial requirements made for the aircraft of such type and it also must be airworthy in all respects.
3.2. The aircraft must be airworthy and equipped with on-board kit in keeping with the technical standards adopted in Georgia and ICAO recommendations and it is required to have all documents necessary for the flight operation (board log, licenses, certificates, insurance policies, etc.) on board in compliance with the Air Code.
3.3 The Lessor ensures all necessary board documents for the aircraft and the documents required for the flight to be undertaken.
3.4. The aircraft has the Lessor's identification markings.
3.5. The Lessee ensures the documents for the transported cargo and also the documents for official registration of customs procedure.

4. THE CREW AND TECHNICAL PERSONNEL

4.1. The aircraft will be operated by the Lessor's crew in accordance with the requirements of national and international standards and rules acting in the country of aircraft's location and base.
4.2. The crew complement is determined by the «Aircraft Flight Manual" requirements and the Georgia Air Transport Department requirements and the maximum number of the crew members make up 9 persons, 3 among them are assigned by the Lessor for the Aircraft maintenance work during the period of operation consistent with the program.
4.3. The substitution of crew or one of its members under the Lessor's initiative is made at the Lessor's expense.
4.4. According to the normative rules adopted in Georgia, the crew must take a necessary rest before the flight. The crew will be provided with minimum 2 days-off per week in keeping with the schedule signed up-it by the aircraft's captain.

4.5. The aircraft can not be for without engine
-in progress or cancel the departure land (i.e. located in the transcontinental territories
-to replace the partner(s) in case of the Captain's illness, accident, death or other circumstances
-to land, to stay for an event, repair, including the check, or to help performing the flight at all during day regardless the set order.

5. MAINTENANCE

5.1. The technical maintenance during the operations on the program is made by the Lessee in accordance with the Aircraft Technical Manual requirements and on the basis of the documents regarding the maintenance of the given type of aircraft in the sphere of Civil Aviation of Georgia.
5.2. During the term of the Agreement the Lessor provides technical equipment, spare parts and aggregates necessary to repair.
5.3. The Lessee shall provide the ground maintenance facilities when the aircraft is located in his airports and he shall bear expenses associated with it as well as pay the airport fees.
5.4. The Lessee shall meet the expenses associated with the aircraft refueling and provision of it with the lubricants and gases according to the Aircraft Technical Manual.

6. THE RIGHTS AND OBLIGATIONS OF THE PARTIES

6.1. The Lessor's rights and obligations.

6.1.1. The Lessor shall on fixed day and time provide the Lessee with the Aircraft, which must be in good technical state for cargo conveyances.
6.1.2. The Lessor has the right to dissolve the Agreement and return the aircraft to the base, notifying the Lessee 10 days beforehand in the following cases:
a) if the Lessee uses the aircraft with the purposes other than that indicated in the Clause 1.1. of the Agreement or in some other ways which are against the proper aviation operations or violate the Clause 2.4. of this Agreement;
b) if the Lessee fails to effect all necessary payments set forth in the Agreement(in keeping with the Supplement 1 to this Agreement).
6.1.3. The Lessor controls the Aircraft flight and technical operation which is realized by his representative on board of the Aircraft and by the inspector, which is sent to the place of the Aircraft's location (Lessee a month during the program term.
6.1.4. The Lessor carries recall the Aircraft and crew back to the base until this Agreement is terminated (except of the cases envisaged by the Clause. 6.1.2.)
6.1.5. The Lessor has the right to use spare cargo capacity for individual goods transportation and he can also use the Aircraft when it stands idle.

6.2. The Lessee's rights and obligations.

6.2.1. The Lessee has no right to pass his rights and obligations under this Agreement to other physical and juridical persons.
6.2.2. The Lessee shall in good time advise the Lessor's crew about the route changes so the flight could be properly undertaken.
6.2.3. The Lessee renders necessary assistance to the Lessor in purchasing of spare parts, equipment, aircraft engines on account of mutual settlements under this Agreement.
6.2.4. The Lessee makes commitment to arrange the airport service and handling for the crew and the aircraft in the airports and to bear expenses associated with it. In doing so he shall:
- provide his representative during the aircraft arrival and departure;
-provide communication of the crew with the airports services for the aircraft maintenance and handling;
- provide at his own expense the aircraft crew and specialists with the hotel accommodation (minimum 3-star hotel), per diem subsistence allowances in amount of 29 USD and three meals a day per each crew member and catering during the operation, standing for more than 3 hours, as stipulated in the schedule. In cases of unforeseen delays due to the reasons beyond the Lessor's control and in the airports where the aircraft is based;
- provide at his own expense the Lessor's experts with vehicles, ensure the medical examination of the crew members in the airports of departure and also provide first aid or other medical services as needed;
-provide consent process and other visits for communication with the Lessee's representatives in the airports of arrival.
6.2.5. The Lessee shall pay any additional governmental and local taxes and dues which may be levied on the Lessee's experts during the first arrival, the last departure and during their stay in other countries.

6.1.6. The Lessee shall obtain the Lessor diplomatic clearances (or permits) as mentioned in clause 5 here before.

6.2.7. The Lessee shall secure the Aircraft, crew and cargo protection against the illegal attempts seizure in keeping with the Supplement 2 to this Agreement.

6.2.8. The Lessee undertakes to compensate to the Lessor expenditures in the form as mentioned in the Addendum No1 and No2 to this Agreement.

6.2.9. Starting time begins to take place in a start of the Aircraft and makes 10 hours.

7. THE PARTIES' RESPONSIBILITIES

7.1. The Parties bear responsibility for the non-performance or improper performance of the obligations taken upon according to this Agreement in compliance with legislation of Georgia and international law.

7.2. The Party that infringes its obligations under this Agreement shall indemnify the other Party's losses.

7.3. The Party that infringes its obligations under this Agreement is released from the responsibility for non-performance or improper performance of its obligations provided that non-performance or improper performance happens due to any force-majeure circumstances or due to the reasons beyond the Party's control.

7.4. If one of the Parties causes damage to the personnel or property of the other Party, it should indemnify for this damage.

7.5. The Parties undertake to keep this Agreement confidential and they bear responsibility in case of any violation of this undertaking.

8. FORCE - MAJEURE

8.1. The Parties are released from responsibility in case if the whole or partial non-fulfillment of this Agreement provisions if any force-majeure circumstances apply. Such circumstances include: natural calamities, embargo, military operations, except of those cases when the Lessee himself sends the aircraft into the military operation zones, blockades, also the adoption of the legislative acts, which capable to change the legal and economic situation, other calamities or god's acts, strikes, prohibition or the absence of the official authorizations in the countries on the route to overfly or to stay on their territory, or any other circumstances which apply after the date this Agreement was entered and if such circumstances cannot be prevented by the parties.

8.2. Should any force-majeure circumstance apply for any of the Parties, that Party must inform the other Party immediately.

8.3. In case any of the above mentioned circumstances prevented the prompt fulfillment of obligations under this Agreement, the term of this obligations should be prolonged until the circumstances no longer apply.

8.4. If the obligation cannot be fulfilled because of the force-majeure circumstances within one month then each Party is entitled to withdraw on the whole or partially from further fulfillment of its obligations under this Agreement.

8.5. When the force-majeure does not apply any more the parties can either agree upon the terms of the Agreement to be continued or dissolved.

Initial provision regarding payment only referenced two addendums

9. PAYMENT AND SETTLEMENT PROCEDURE UNDER THE AGREEMENT

9.1. The payment amount and procedure is stipulated in the Addendum No1 and No2 to this Agreement which are integral part of this Agreement.

10. THE TERM OF AGREEMENT

10.1 The Agreement comes into force upon the date of both Parties' signatures.

10.2. The aircraft will depart to commence operation in keeping with this Agreement on the day of the down payment receipt in accordance with the Supplement 1.

10.3. The Agreement will be in force up to the end of the month (November 2010)

11. ARBITRATION

11.1. Should there arise any disputes or contradictions arise between the Parties concerning any issue stipulated in this Agreement or related to it, the Parties must apply every possible effort to settle them by negotiation.

11.2. If the contradictions or arguments cannot be settled in the course of negotiation within 10 days then the matter is committed to the party commission for consideration. This commission must consist of 4 persons (2 from each side).

The party commission is established within 5 days since written request of one of the Parties. If the party commission cannot settle the arguments within 10 days since it is established or in case if the Parties can not assign its representatives into the commission within stated 5 days the matter will be considered according to the Law of Georgia by the International Commercial Court of Arbitration.

12. INSURANCE

12.1. The Lessor shall provide the insurance policy to the full actual cost of the cargo stated in the item 1.1. of this Agreement and the given insurance policies as well. Insurance copies must be kept on board of the aircraft.

12.2. The Lessor provides the insurance of the aircraft, crew members in the stated limits of civil responsibility and the third party over for the whole term of Agreement.

12.3. The Lessee provides the cargo property cover (including cargo) passengers insurance and other terms stipulated by the UN and the Aviation Authorities of the states of location.

12.4. The flights cannot be undertaken unless there are all required insurances, set forth in the terms 12.1 and 12.2.

13. OTHER TERMS

13.1. All Amendments and Addendums to the terms of this Agreement will be valid upon the signatures of both Parties' authorized representatives.

13.2. Any interactions of the part to which are not significant to this Agreement are regulated by the current legislation of Georgia.

13.3. All Supplements to the given Agreement, signed by both Parties are considered to integral part.

13.4. Any correspondence between the Parties must be sent to their juridical addresses.

13.5. If this Agreement is cancelled the Lessee shall provide the return flight of the aircraft within 7 days and he shall bear all expenses associated with the return.

13.6. The cancellation of this Agreement does not release any Party from any due payment or obligations under this Agreement.

14. CONCLUDING PROVISIONS

14.1 The Agreement is made in 2 (two) copies each having equal value.

14.2. The Agreement can be canceled upon the consent of both Parties provided there is a prior written notification about such intention minimum 10 days before the scheduled expiration.

15. JURIDICAL ADDRESSES OF THE PARTIES AND SIGNATURES

THE LESSOR:
"AIR WEST LTD"

Intermediary Bank:
JP Morgan Chase Bank, New York, USA
SWIFT: CHASUS33
Account with Institution:
Bank of Georgia, SWIFT: BAGAGE22
3, Pushkin Street, 0105 Tbilisi, Georgia
Beneficiary: AIR WEST LTD
Account: 113742400

THE LESSEE:
"SP TRADING LTD"

Beneficiary bank: Sampo Pank
(Danske Bank A/S Estonia Branch)
IBAN: EE24 7500 1534 8055 0009
Swift: PARX EE2X
Intermediary bank:
Correspondent Bank: Deutsche Bank
Trust Company New York
SWIFT code: BKTR US33

Addendum to the contract signed by Air West and SP Trading

THE ADDENDUM № 1
To the Contract № 05-11-2009/01
dated 5 November 2009.

PAYMENT AND SETTLEMENTS

1. Cost of the ACMI hour is established by the Parties at a rate of 900 (nine hundred) US dollars per one ACMI hour.

2. Monthly guaranteed flight hours – without guaranteed flight hours.

3. "The Lessee" shall provide for crew full accommodation including HOTAC and catering.

Signed by a duly authorized representative for and on behalf of

THE LESSOR:
"AIR WEST LTD:

Intermediary Bank:
JP Morgan Chase Bank, New York, USA
SWIFT: CHASUS33
Account with Institution:
Bank of Georgia, SWIFT: BAGAGE22
3, Pushkin Street, 0105 Tbilisi, Georgia
Beneficiary: AIR WEST LTD
Account: 115742400

THE LESSEE:
"SP TRADING LTD"

Beneficiary bank: Sampo Pank
(Danske Bank A/S Estonia Branch)
IBAN: EE24 3300 3334 8055 0009
Swift: FORE EE2X
Intermediary bank:
Correspondent Bank: Deutsche Bank
Trust Company New York
SWIFT code: IBKTR US33

THE ADDENDUM № 2
To the Contract № 05-11-2009/01
dated 5 November 2009.

PAYMENT AND SETTLEMENTS

1. The payment should be done with reference to actual flight hours.

2. "The Lessee" has to provide information concerning the actual flight hours to aircompany not later than in one month.

3. "The Lessee" has to make payment for the actual flight hours not later than 90 days after its performance.

4. For its own account "The Lessee" pays all expenses on payments execution, including commissions of all banks through which the payments are processed.

Signed by a duly authorized representative for and on behalf of

THE LESSOR:
"AIR WEST LTD:

Intermediary Bank:
JP Morgan Chase Bank, New York, USA
SWIFT: CHASUS33
Account with Institution:
Bank of Georgia, SWIFT: BAGAGE22
3, Pushkin Street, 0105 Tbilisi, Georgia
Beneficiary: AIR WEST LTD
Account: 115742400

THE LESSEE:
"SP TRADING LTD"

Beneficiary bank: Sampo Pank
(Danske Bank A/S Estonia Branch)
IBAN: EE24 3300 3334 8055 0009
Swift: FORE EE2X
Intermediary bank:
Correspondent Bank: Deutsche Bank
Trust Company New York
SWIFT code: IBKTR US33

THE ADDENDUM № 3
To the Contract № 05-11-2009/01
dated 10 November 2009.

PAYMENT AND SETTLEMENTS

1. The payment for the actual flight hours (ACMIs agreed by the paragraph No.1 of the Addendum No.1 to the Contract No.05-11-2009/01 will be executed directly to the account of the owner of aircraft ("Overseas Cargo FZE").
2. Once CofA of IL76 was issued, 1000$ reward has to be granted to the Lessor ("Air West LTD") per each month.
3. The Lessee is obliged to pay monthly, not later than 5th day of the month, salary for the crew.
4. The Lessor ("Air West LTD"), on his account, has to provide insurance of the crew and third party liability insurance.

Signed by a duly authorized representative for and on behalf of

THE LESSOR:
"AIR WEST LTD:

Intermediary Bank:
JP Morgan Chase Bank, New York, USA
SWIFT: CHASUS33
Account with Institution:
Bank of Georgia, SWIFT: BAGAGE22
3, Pushkin Street, 0105 Tbilisi, Georgia
Beneficiary: AIR WEST LTD
Account: 115742400

THE LESSEE:
"SP TRADING LTD"

Beneficiary bank: Sampo Pank
(Danske Bank A/S Estonia Branch)
IBAN: EE24 3300 3334 8055 0009
Swift: FORE EE2X
Intermediary bank:
Correspondent Bank: Deutsche Bank
Trust Company New York
SWIFT code: IBKTR US33

Provision stipulating that SP trading would direct payment to the aircraft owner (Overseas Cargo) and not its official operator (Air West)

F. Aircraft charter agreement signed by SP Trading and UTM (4 December 2009)

AIRCRAFT CHARTER AGREEMENT № 38/167-76

PARTIES

A. Carrier: *Company* ***"SP TRADING LTD"***

B. Charterer: *Company* ***"UNION TOP MANAGEMENT LTD"***

It is hereby agreed that Carrier named above ("Company") acting in the name of Director Mr. Lu Zhang will charter and the Charterer acting in the name of Mr. Dario Cabrera named above ("Charterer") will take on charter the Aircraft (as defined below) for carry out flight or flights set out in the Schedule below on the terms and conditions contained, or referred to in this Agreement (as defined below).

THE SCHEDULE

1. Aircraft type: IL-76 **Reg.** 4L-AWA **Flight:** AWG731/732

2. Route: Pyongyang – Tehran (transit via Gostomel)

3. Payload and/or capacity chartered: 35'000 kg

4. Nature of cargo: oil industry spare parts

5. Flight for which the Aircraft is chartered, on the dates shown below (time UTC):

FLT Nbr	From	ETD	Date	To	ETA	Date
AWG 731	UKKM	07:30	07.12.2009	UBBB	10:40	07.12.2009
AWG 731	UBBB	14:20	08.12.2009	VCBI	23:00	08.12.2009
AWG 731	VCBI	00:30	09.12.2009	VTBS	05:00	09.12.2009
AWG 731	VTBS	17:00	09.12.2009	ZKPY	00:30	10.12.2009
AWG 732	ZKPY	05:30	10.12.2009	VTBS	13:10	10.12.2009
AWG 732	VTBS	01:00	11.12.2009	VCBI	05:30	11.12.2009
AWG 732	VCBI	07:00	11.12.2009	OMFJ	12:45	11.12.2009
AWG 732	OMFJ	01:40	12.12.2009	UKKM	07:30	12.12.2009
AWG 731	UKKM	10:00	12.12.2009	OIII	14:00	12.12.2009
AWG 732	OIII	16:00	12.12.2009	UBBB	17:10	12.12.2009

Note: Refer to the table at the bottom of Annex 13.7 for the ICAO airport code.

6. Charter Price:
a. The monies have to be transferred by the "Charterer" in accordance with the invoice and put on to account of the "Company" before performance of the flight.
b. The "Charterer" has to pay all bank transfer charges regarding transfer of the monies to the account of the "Company"

7. Special Conditions:
a. All the arrangements regarding the carrying of the passengers and for carriage of their luggage /security, customs, police and medicine/ is the responsibility and to the account of the "Charterer".
b. The flight shall be performed only in the case when all overfly and landing permissions en route have been granted.
c. The "Charterer" shall pay ROYALTIES, if any.
d. The provision of the transportation of all special equipment (cranes, forklifts etc) for loading and offloading due to large or heavy cargo, storage/warehouses fees at the site of departure or arrival, charges for certificates, customs and cargo documentation or inspection charges which are caused by the carriage of the cargo, fitting cargo charges is the responsibility and to the account of the "Charterer".
e. The Charterer has to have all necessary documentation confirming legal right to make such transportation and responsible for coincidence of cargo mentioned in documentation. The captain has the right to cancel the flight performance, without compensation, if mentioned above conditions were not met. The cargo given to the carriage should not be classified as military or forbidden.
g. Any costs incurred by "Company" on behalf of the "Charterer" will be invoiced at cost and are payable on receipt of invoice.

8. Force-majeure:
a. The Parties shall be dissolved of all and obligation under the present Agreement and shall bear no mutual responsibility in the circumstances when the terms and conditions of the present Agreement can not be performed due to force-majeure caused by natural calamities, unavailability of fuel in a/p of destination, unavailability and the delay of flight due to technical reasons or outcomes of governmental actions.
b. If any of the above-mentioned circumstances directly affects performance of obligations in time stipulated by the present Agreement, the said time shall be correspondingly extended for a period of such circumstances duration.
c. If inability of complete or partial obligations performance due to force-majeure persists over a one month period, each of the Parties shall have the right to deny further obligations performance under this Agreement, and in this case neither of the Parties shall be entitled to demand reimbursement from the other Party possible losses.

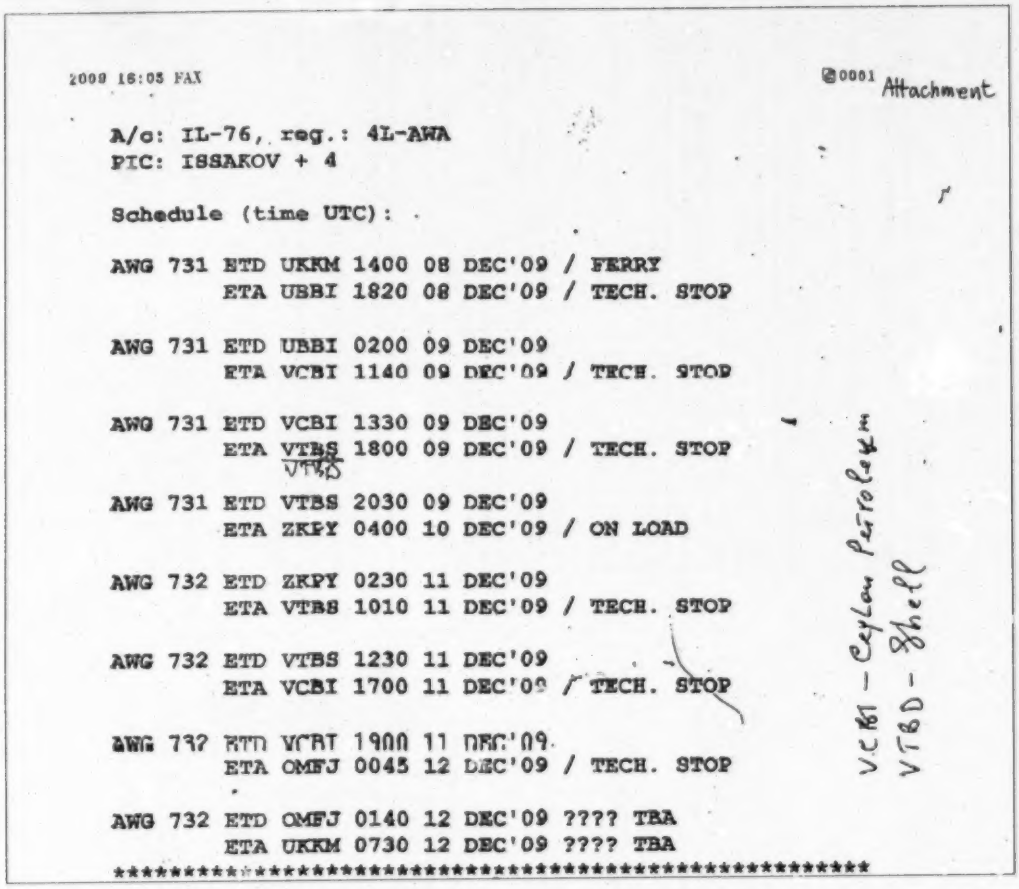
9. This Agreement is subject to the conditions of contract following which are especially incorporated into this Agreement.

Date: 04.12.2009.

SIGNED by a duly authorised Representative for and on behalf of "SP TRADING LTD"

and by a duly authorised Representative for and on behalf of Charterer

G. 4L-AWA flight plan



2009 16:03 FAX @0001 Attachment

A/c: IL-76, reg.: 4L-AWA
PIC: ISSAKOV + 4

Schedule (time UTC):

AWG 731 ETD UKKM 1400 08 DEC'09 / FERRY
ETA UBBI 1820 08 DEC'09 / TECH. STOP

AWG 731 ETD UBBI 0200 09 DEC'09
ETA VCBI 1140 09 DEC'09 / TECH. STOP

AWG 731 ETD VCBI 1330 09 DEC'09
ETA VTBS 1800 09 DEC'09 / TECH. STOP

AWG 731 ETD VTBS 2030 09 DEC'09
ETA ZKPY 0400 10 DEC'09 / ON LOAD

AWG 732 ETD ZKPY 0230 11 DEC'09
ETA VTBS 1010 11 DEC'09 / TECH. STOP

AWG 732 ETD VTBS 1230 11 DEC'09
ETA VCBI 1700 11 DEC'09 / TECH. STOP

AWG 732 ETD VCBI 1900 11 DEC'09
ETA OMFJ 0045 12 DEC'09 / TECH. STOP

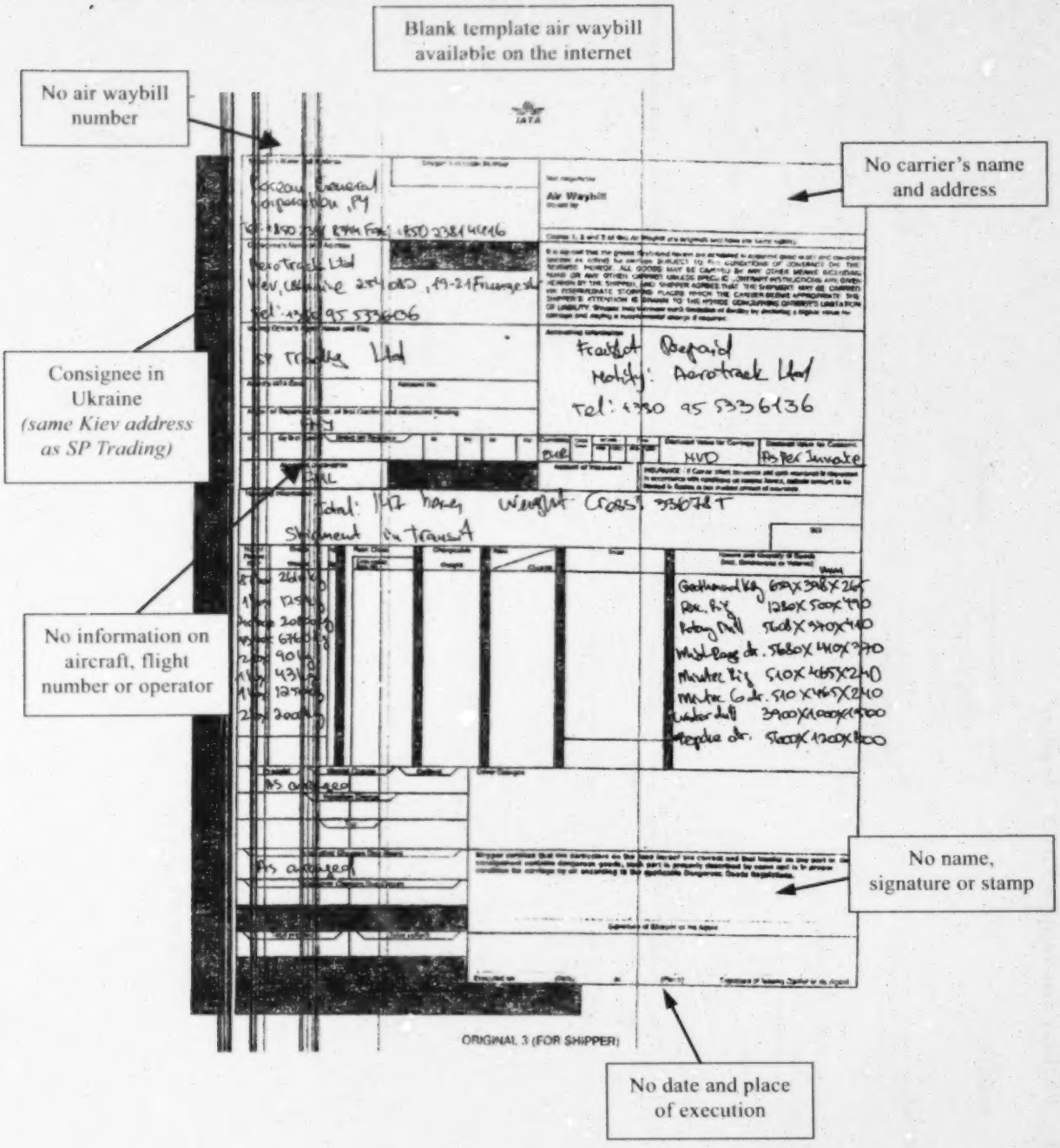
AWG 732 ETD OMFJ 0140 12 DEC'09 ???? TBA
ETA UKKM 0730 12 DEC'09 ???? TBA

VCBI - Ceylon Petroleum
VTBD - Shell

Panel explanatory note: Airport codes and locations

Airport Code (ICAO)	Airport name	Airport location
OIII	Mehrabad Airport	Tehran, Iran
OMFJ	Fujairah International	United Arab Emirates
UBBB	Heydar Aliyev Airport	Baku, Azerbaijan
UBBI	Nasosnaya Air Base	Azerbaijan
UKBB	Boryspil International Airport	Kiev, Ukraine
UKKM	Gostommel Airport	Kiev, Ukraine
VCBI	Bandaranaike International	Colombo, Sri Lanka
VTBS	Suvarnabhumi International	Bangkok, Thailand
ZKPY	Sunan Airport	Pyongyang, DPRK

H. Air waybill supplied by SP Trading


Blank template air waybill available on the internet
No air waybill number
No carrier's name and address
Consignee in Ukraine (same Kiev address as SP Trading)
No information on aircraft, flight number or operator
No name, signature or stamp
No date and place of execution
IATA
Air Waybill
Aerotrack Ltd
SP Trading Ltd
Freight Prepaid
Notify: Aerotrack Ltd
Tel: 1380 95 5336136
NVD
As per Invoice
Total: 147 boxes Weight Gross: 3307kT
Shipment in transit
As arranged
ORIGINAL 3 (FOR SHIPPER)

I. Packing list supplied by SP Trading

DPRK shipper

Consignee in Ukraine *(same Kiev address as SP Trading)*

PACKING LIST
No.
Date:

Consignee:
Aerotrack Ltd
Address: Kiev 254080 , 9-2, Frunze Str
Tel: +38(095) 5336136
Ukraine

Shipper:
Korean General Trading Corporation
Mailto: 403rsd@co.chesin.com
Tel: +850 2381 8344
Fax: +850 2381 4416

Tel.: +38 (095) 5336136 **Fax:** +38 (044) 2348148

Notify:
Tel.: +38 (095) 5336136

Box Qty	Boxes content	Box Weight	Gross Weight	Dimensions
82 boxes	Geothermal Rigs spare parts – model: HTEC6	30kg	2610kg	659mmX398mX265mm
1 box	Percussion drilling rig spare parts model Buffalo 3000	125kg	125kg	1280mmX500mmX490mm
40 boxes	Rotary Drilling Rig spare parts – model WaterJetC 6	520kg	20800kg	5608mmX370mmX410mm

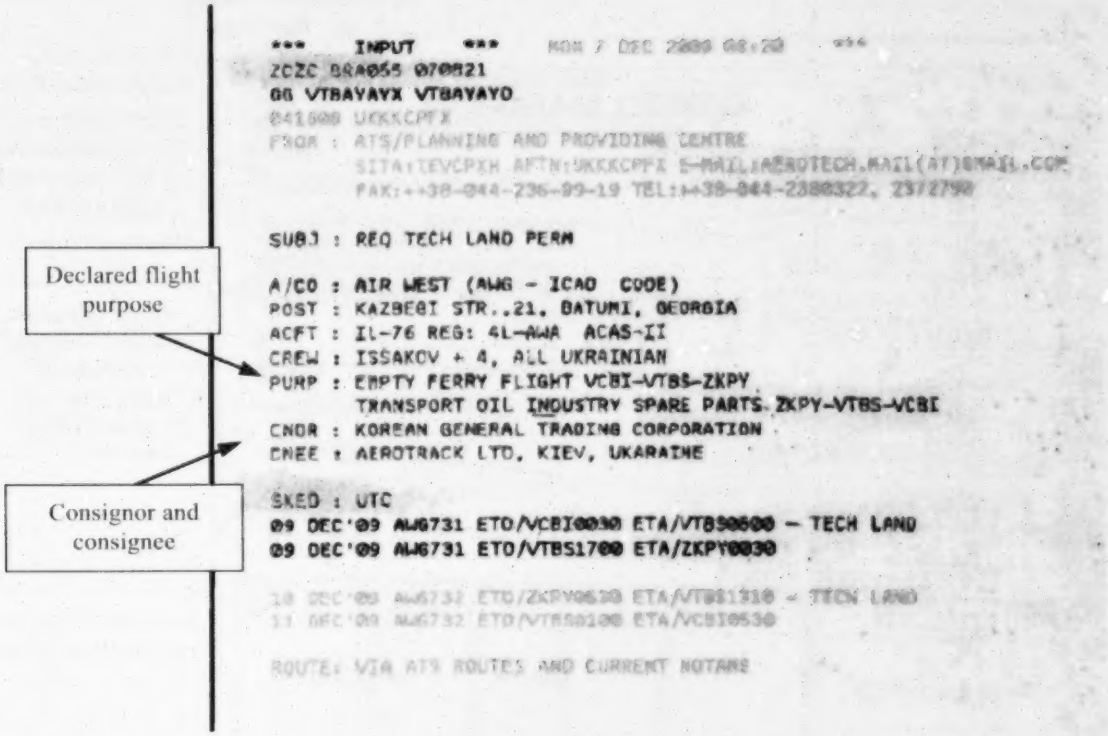
PACKING LIST
No.
Date:

13 boxes	Mid range Waterjet 40 spare parts	520kg	6760kg	5680mmX410mmX370mm
2 boxes	Mintec 6 spare parts - pumps	45kg	90kg	510mmX465mmX240mm
1 box	Mintec 12.8 drilling vanes	43kg	43kg	510mmX465mmX240mm
1 box	Mintec 6 wall sleeves – spare parts	1250kg	1250kg	3900mmX1000mmX1500mm
2 boxes	Benpoke Mineral exploration Machine – spare parts	1000kg	2000kg	5600mmX1200mmX800mm

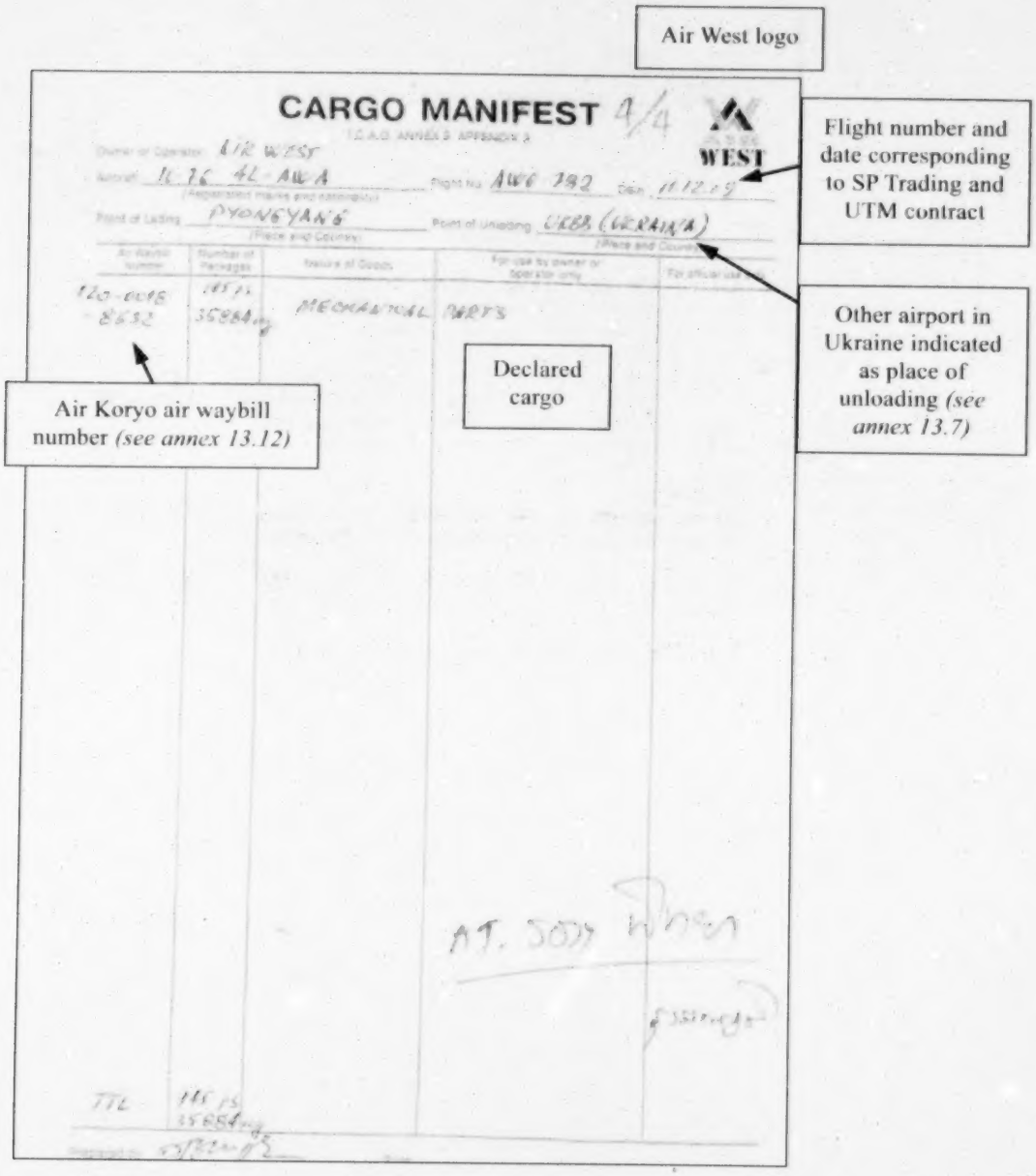
Total Weight 136787

Declared cargo *(various oil industry spare parts)*

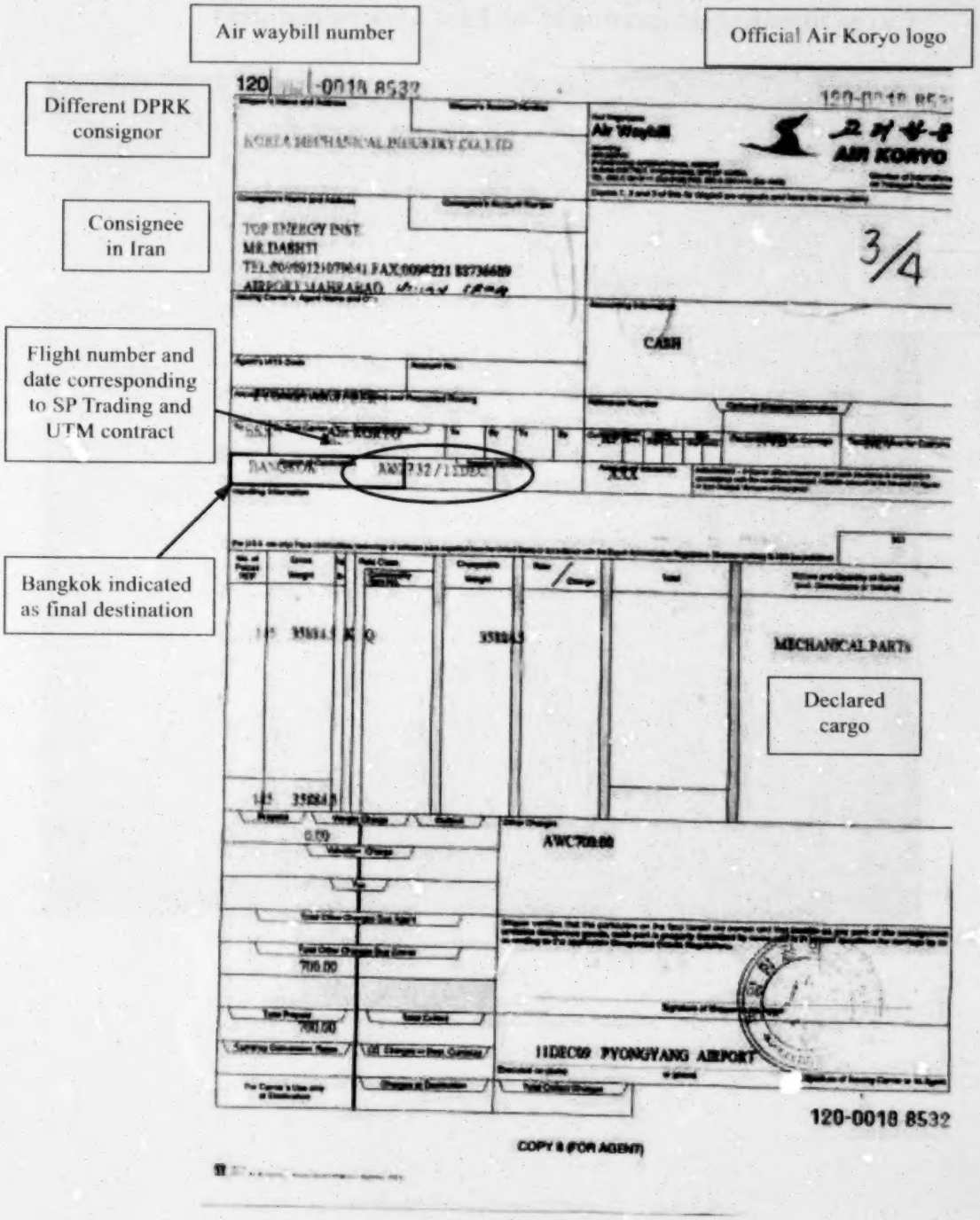
J. Landing request submitted to the Thai civil aviation authorities


Declared flight purpose
Consignor and consignee
*** INPUT ***
ZCZC BRA055 070821
GG VTBAYAYX VTBAYAYO
041600 UKKKCPFX
FROM : ATS/PLANNING AND PROVIDING CENTRE
SITA:IEVCPIH AFTN:UKKKCPFX E-MAIL:AEROTECH.MAIL(AT)GMAIL.COM
FAX:++38-044-236-99-19 TEL:++38-044-2380322, 2372790
SUBJ : REQ TECH LAND PERM
A/CO : AIR WEST (AWG - ICAO CODE)
POST : KAZBEGI STR..21, BATUMI, GEORGIA
ACFT : IL-76 REG: 4L-AWA ACAS-II
CREW : ISSAKOV + 4, ALL UKRAINIAN
PURP : EMPTY FERRY FLIGHT VCBI-VTBS-ZKPY
TRANSPORT OIL INDUSTRY SPARE PARTS ZKPY-VTBS-VCBI
CNOR : KOREAN GENERAL TRADING CORPORATION
CNEE : AEROTRACK LTD, KIEV, UKARAINE
SKED : UTC
09 DEC'09 AWG731 ETD/VCBI0030 ETA/VTBS0600 - TECH LAND
09 DEC'09 AWG731 ETD/VTBS1700 ETA/ZKPY0030
ROUTE: VIA ATS ROUTES AND CURRENT NOTAMS

K. Air West cargo manifest found on board 4L-AWA


Air West logo
CARGO MANIFEST
WEST
Flight number and date corresponding to SP Trading and UTM contract
Other airport in Ukraine indicated as place of unloading (see annex 13.7)
Declared cargo
Air Koryo air waybill number (see annex 13.12)

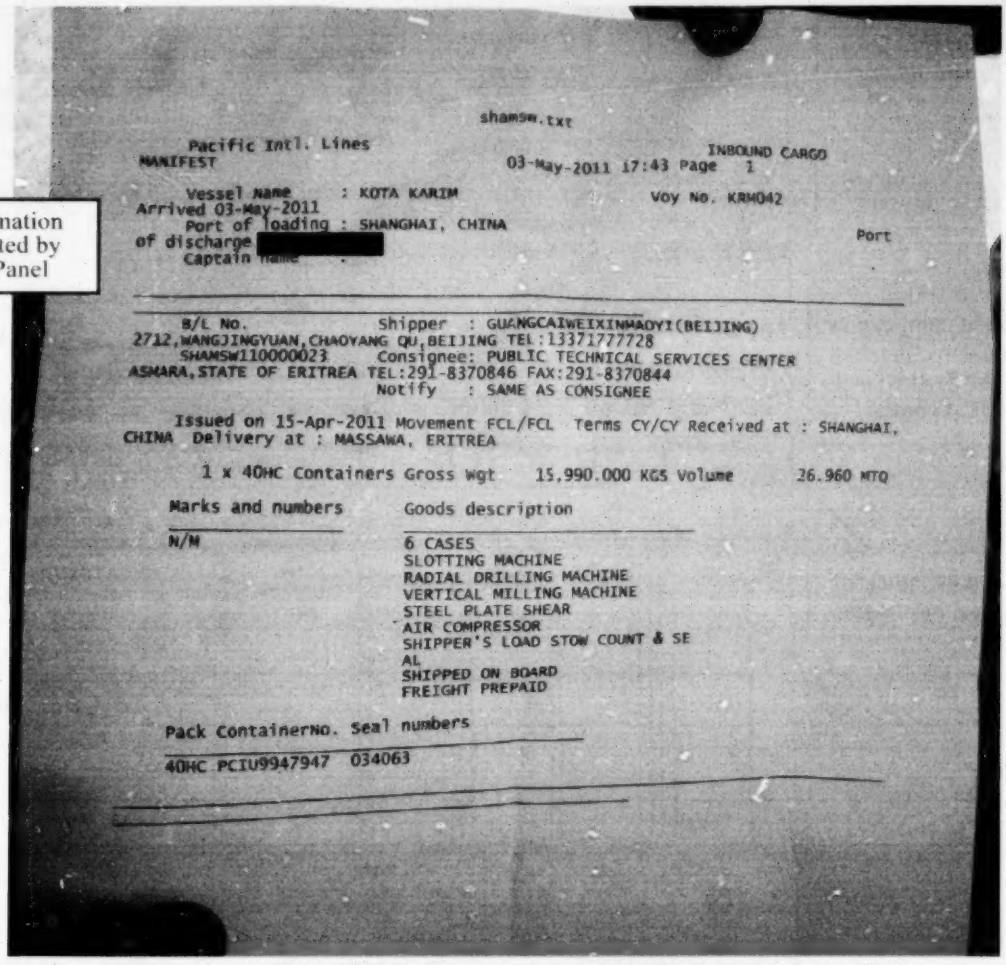
L. Air Koryo air waybill found on board 4L-AWA



Annex XIV

Cargo manifest (inspection in an East African country)

Information redacted by the Panel



shamsw.txt

Pacific Intl. Lines
MANIFEST

INBOUND CARGO
03-May-2011 17:43 Page 1

Vessel Name : KOTA KARIM
Voy No. KRM042
Arrived 03-May-2011
Port of loading : SHANGHAI, CHINA
of discharge [redacted] Port
Captain name .

B/L NO. Shipper : GUANGCAIWEIXINMAOYI(BEIJING)
2712,WANGJINGYUAN,CHAOYANG QU,BEIJING TEL:13371777728
SHAMSW110000023 Consignee: PUBLIC TECHNICAL SERVICES CENTER
ASMARA,STATE OF ERITREA TEL:291-8370846 FAX:291-8370844
Notify : SAME AS CONSIGNEE

Issued on 15-Apr-2011 Movement FCL/FCL Terms CY/CY Received at : SHANGHAI, CHINA Delivery at : MASSAWA, ERITREA

1 x 40HC Containers Gross Wgt 15,990.000 KGS Volume 26.960 MTQ

Marks and numbers	Goods description
N/M	6 CASES SLOTTING MACHINE RADIAL DRILLING MACHINE VERTICAL MILLING MACHINE STEEL PLATE SHEAR AIR COMPRESSOR SHIPPER'S LOAD STOW COUNT & SE AL SHIPPED ON BOARD FREIGHT PREPAID

Pack	ContainerNo.	Seal numbers
40HC	PCIU9947947	034063

Annex XV

Arms-related material seized by France in November 2010

A. Bill of lading

M245204202.TXT

Yangming Marine Transport Corporation
Bill of Lading M245204202 CTPREF: KSNO2WSHALTK
Accp. Date:20100806 OB: 20100807 ISS: 20100807

Main Conv:SAN FRANCISCO BRIDGE 002W (KSNO2W) B/L Conv:SAN FRANCISCO BRIDGE 002W (KSNO2W)
P/Rec: DALIAN LOAD : DALIAN
Dish : PORT SAID EAST P/Del: LATAKIA

Shipper

Shpr: JING HUAN TRADE CO.,LTD

Ntfy: SAME AS CONSIGNEE

Consignee

Cnee: THE COMPANY OF MELALLIC
CONSTRUCTIONS AND MECHANICAL
INDUSTRIES.ADRA,P.O.BOX:1149,
DAMASCUS,SYRIA TEL:00963-11-5810719
FAX:00962-11-5810718

Ports of loading and delivery

Conveyance :
21 58490S CNDLC TWKHH

22 KSNO2W TWKHH EGPSE

30 EGPSE SYLTK

20 ft: 2 40 ft: 0 45 ft: 0 PKGS : 72 KGS : 37631 CBM : 77.2

Declared cargo

---------- Description ----------
COPPER BARS & PLATES

CN:
CAIU2260170 20' DC YMLZ727016

FCIU2279872 20' DC YMLZ727079

---------- Text ----------
1. DELIVERY TERM : FREE OUT
2. ALL PORT HANDLING CHARGES,
DEMURRAGE, STORAGE, AND LOCAL
SHIPPER'S LOAD AND COUNT
DRAYAGE AFTER VESSEL ARRIVED AT
DISCHARGING PORT ARE AT RECEIVER'S
RISK, EXPENSES AND RESPONSIBILITY.
3. GP DEMURRAGE FREE TIME : 10
CALENDAR DAYS FROM THE FOLLOWING
DAYS AFTER THE VESSEL HAS COMPLETED
DISCHARGE.
4. DEMURRAGE CHARGE :
11TH TO 20TH DAY - USD 8/20'
USD 16/40' PER DAY
THEREAFTER - USD 15/20'

Page 1

B. Technical certificate

TECHNICAL CERTIFICATE

1. **Name of Commodity & type:** Brass Disc JK-75-05 292.8X24 GOST B16520-70
2. **Lot Number:** 042612
3. **Date of Manufacture:** Apr. 26th. 2010
4. **Quantity:** 72 pcs
5. **Dimensions and weight:**

Test Item→	Diameter (mm)	Thickness (mm)	Weight (Kg)
Standard Value	$292.8^{+0.65}$	$24^{+0.2}$	~13.830
Measured Value	292.8	24.0	13.83

6. **Chemical composition:**

Test Item→	Basic Elements (%)			Impurities, not more than (%)								
	Cu	Si	Zn	Fe	Pb	P	Sn	As	Sb	Bi	S	Total
Standard Value	74-77	0.40-0.80	rest	0.05	0.03	0.01	0.003	0.002	0.002	0.002	0.005	0.15
Measured Value	75.8	0.3%		0.03	0.02	0.01	0.0023	0.0003	0.002	0.0003	0.005	

7. **Mechanical Specifications:** Annealed, pickled

Test Item→	Tensile Strength σ_b (Kgf/mm²)	Relative Elongation (%)	
		δ_{10}	δ_5
Standard Value	33~40	not less than 50	not less than 55
Measured Value 1	35.5	50	
Measured Value 2	35.2	50	
Measured Value 3			
Measured Value 4			
Measured Value 5			

Sketch of the Specimen for Tensile Strength Test:

Dimensions of the Specimen for Tensile Strength Test(mm):

A	B	C	D	E	Section	R
65	50	10	15	10.02	79.9 mm²	13.5

8. **Flatness(Torsion):**

Standard Value	*not more than 4mm*
Measured Value	0.2

9. **Hardness:**

Test Item→	Hardness	Dimmeter of Trace of Hardness Tester Cone (with weight of 1000Kg & Ball with diameter of 10mm)
Standard Value	HB 55~85	3.8~4.67 mm
Measured Value 1	79.6	3.92
Measured Value 2		
Measured Value 3		
Measured Value 4		
Measured Value 5		
Measured Value 6		
Measured Value 7		
Measured Value 8		
Measured Value 9		
Measured Value 10		

10. **Metallurgical Properties:**

Test Item→	Microstructure Type	Grain Size (mm)	
		Minimum	Maximum
Standard Value	α Brass	0.025	0.200
Measured Value		0.029	0.093

We hereby certify that according to sampling tests, the results of the above-mentioned tests fully comply with the specified technical conditions.

Signature of the Inspector: S. J. G

Date of Test: May 12th, 2010

S/2013/337

13-33174

C. Packing list

PACING LIST

Dimensions of Package ; 600 ㎜(L)×340 ㎜(W)×328 ㎜(H)

Package No; AK5-22/23weight of Packag;G/W; 258kg

N/W; 246.8kg

Customer;_____

Contract No; 48/2008/90

Number known to cover
DPRK military contracts

Ser. No	Item No.	Description of Goods(Type, Marck, Size)	Unit	Qnty	Lot No.
22	3-1	РЛ - 11	kg	374	6-5-22

Manufactured by COST CO. Packer ;

Date; June. 25th. 2010

Annex XVI

Attempted exports of man-portable air defence systems

A. Letter to Hesong Trading Corporation

JB114

ODIUM ENTERPRISES LTD.

Militaria Dealers.

P.O. BOX NO. 2015
STASINOU AVENUE
NICOSIA,
CYPRUS.

Hesong Trading Corp
61-76 Sungri Street
Central District,
Pyongyang City,
DPR of KOREA.
Attn. Mr. O Hak Chol.

1st October 2004

Dear Mr. Chol,

With reference to our meeting in Guatemala City we hereby wish to confirm that the contract covering RPG Launchers, Light Machine Guns and SA-16 Missiles will have to be delayed in it's execution due to budgetary allocations.

As you heard during our meeting with the end user this purchase is now scheduled to proceed early next year and we are reliably informed that during February is when the order will be confirmed and the deposit released.

We will obviously get back to you as soon as we are in a position to proceed.

In the meantime we wish to confirm that the confirmation of the commencement of the 500 Pen project is now firmly based on a smooth and satisfactory conclusion to the current MLRS transaction.

For and on behalf of Odium Enterprises Ltd.

Signed.....
George Ranger. C.E.O.

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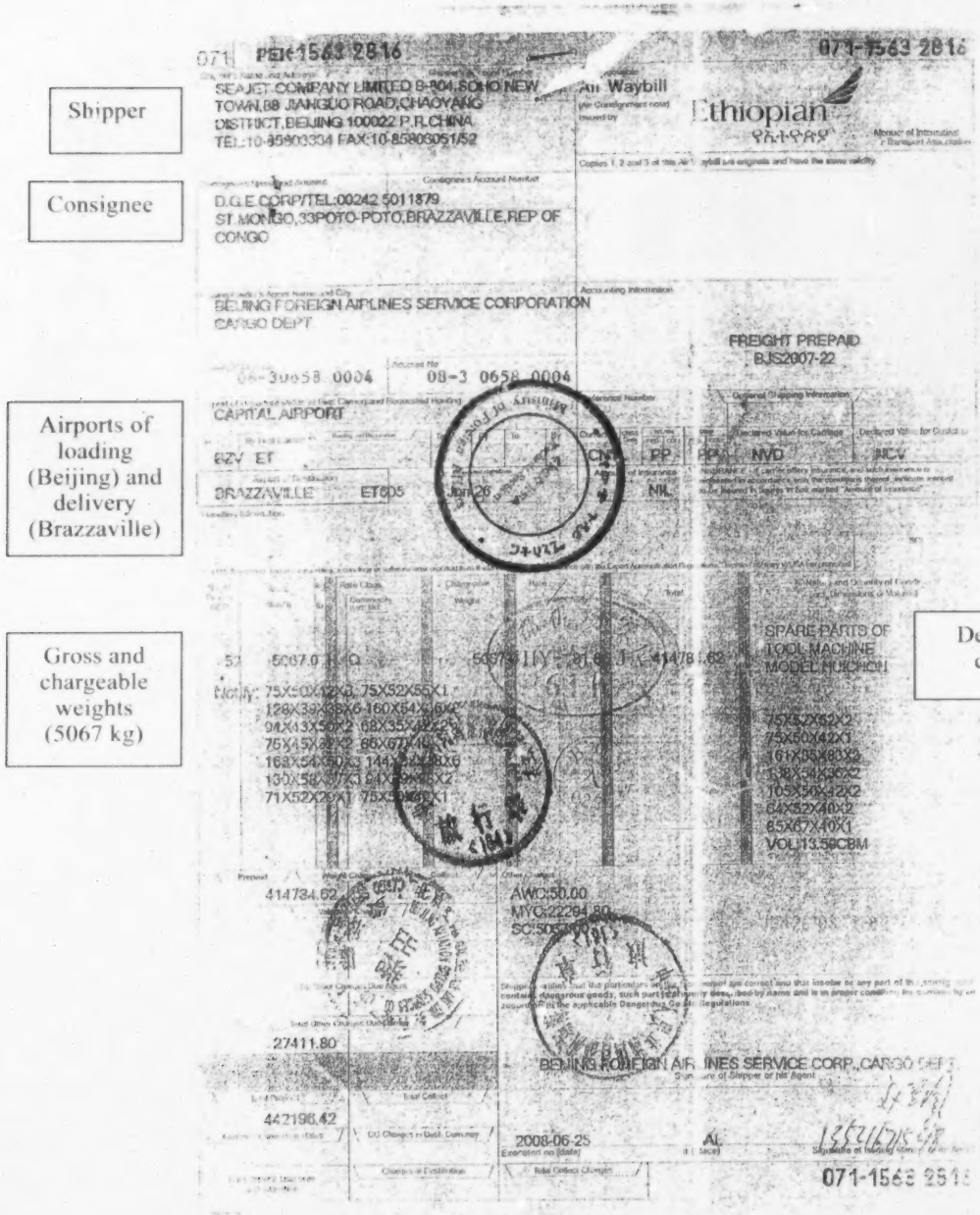
B. Passport of O Hak-Chol

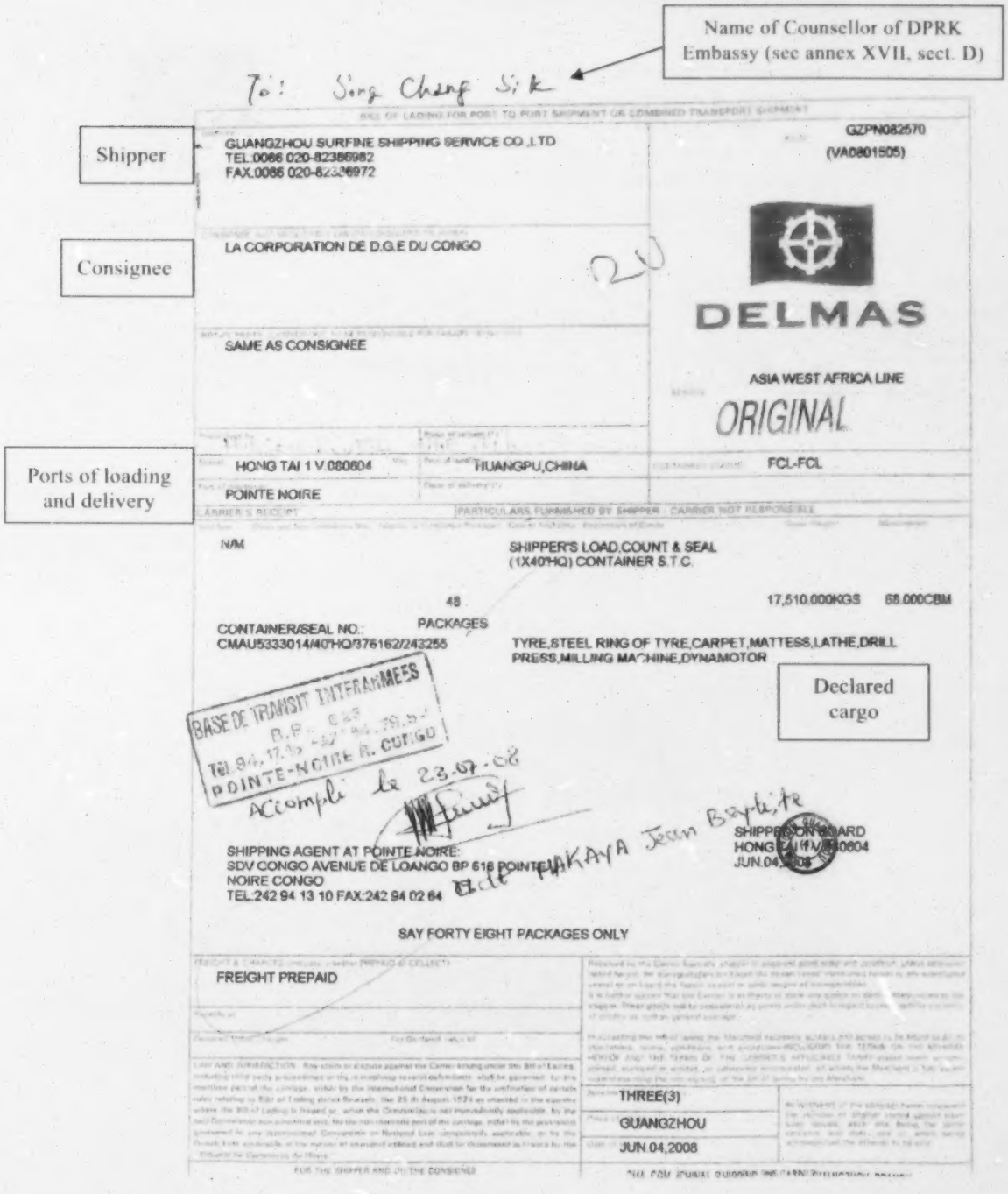
Annex XVII

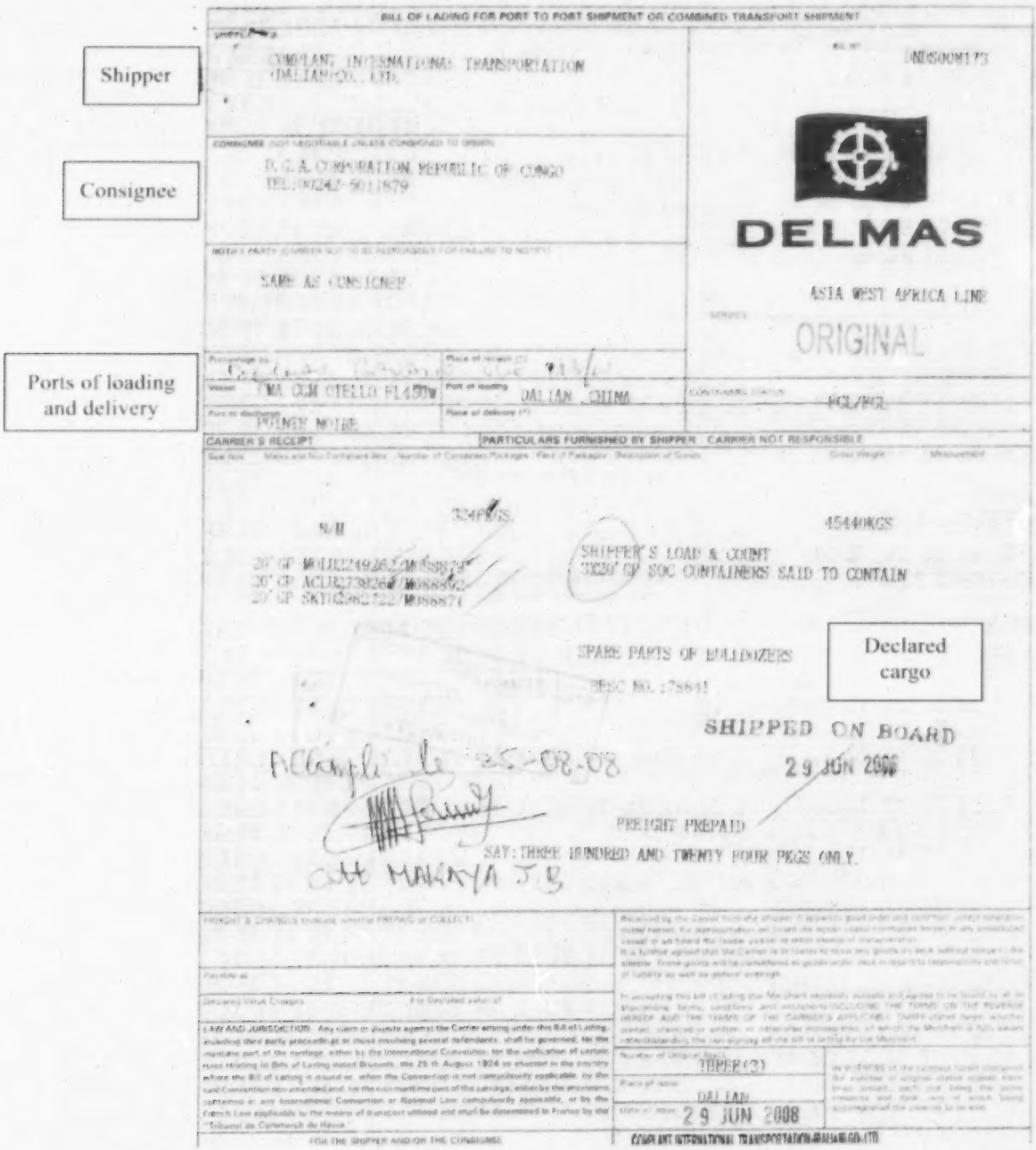
Arms-related shipment seized by South Africa in November 2009

A. Ethiopian airlines air waybill (undetected arms-related shipments to the Congo)



B. CMA CGM bills of lading (undetected arms-related shipments to the Congo)





BILL OF LADING FOR PORT TO PORT SHIPMENT OR COMBINED TRANSPORT SHIPMENT

Shipper

COMPLANT INTERNATIONAL TRANSPORTATION (DALIAN)CO., LTD.

B/L NO. DMSOOM173

Consignee

D. G. A. CORPORATION REPUBLIC OF CONGO
TEL:00242-5011879

DELMAS

NOTIFY PARTY (CARRIER NOT TO BE RESPONSIBLE FOR FAILURE TO NOTIFY)

SAME AS CONSIGNEE

ASIA WEST AFRICA LINE

SERVICE ORIGINAL

Ports of loading and delivery

Place of receipt (2)

Vessel CMA CGM OTELLO FL435W

Port of loading DALIAN ,CHINA

Port of discharge POINTE NOIRE

Place of delivery (3)

CONTAINER(S) STATUS FCL/FCL

CARRIER'S RECEIPT

PARTICULARS FURNISHED BY SHIPPER - CARRIER NOT RESPONSIBLE

Seal Nos. Marks and Nos./Container Nos. Number of Containers/Packages Kind of Packages; Description of Goods Gross Weight Measurement

S/M

324PKGS

45440KGS

SHIPPER'S LOAD & COUNT
"SEAU" OF SOC CONTAINERS SAID TO CONTAIN

20' GP MOLU3249262/M088879
20' GP ACLU3738268/M088862
20' GP SKTU3862722/M086871

SPARE PARTS OF BULLDOZERS

Declared cargo

DESC NO.:17884

SHIPPED ON BOARD
29 JUN 2008

FREIGHT PREPAID

SAY: THREE HUNDRED AND TWENTY FOUR PKGS ONLY.

FREIGHT & CHARGES (UNLESS OTHERWISE PREPAID OR COLLECT)

Payable at

Declared Value Charges For Declared value of

LAW AND JURISDICTION: Any claim or dispute against the Carrier arising under this Bill of Lading, including third party proceedings or those involving several defendants, shall be governed, for the maritime part of the carriage, either by the International Convention for the unification of certain rules relating to Bills of Lading dated Brussels, the 25 th August 1924 as enacted in the country where the Bill of Lading is issued or, when the Convention is not compulsorily applicable, by the said Convention non amended and, for the non maritime part of the carriage, either by the provisions contained in any International Convention or National Law compulsorily applicable, or by the French Law applicable to the means of transport utilized and shall be determined in France by the "Tribunal de Commerce du Havre".

Received by the Carrier from the shipper in apparent good order and condition (unless otherwise noted herein), for transportation as stated the goods listed mentioned herein in any authorized vessel or on board the trailer and/or in which intermodal interchange.
It is further agreed that the Carrier is in liberty to move any goods in deck (without notice to the shipper. These goods will be considered as goods under deck in respect to responsibility provisions of liability as well as general average.

In accepting this bill of lading the Merchant expressly accepts and agrees to be bound by all the stipulations, terms, conditions and exceptions INCLUDING THE TERMS ON THE REVERSE HEREOF AND THE TERMS OF THE CARRIER'S APPLICABLE TARIFF (which terms, whether printed, stamped or written, or otherwise incorporated, of which the Merchant is fully aware notwithstanding the non-signing of the bill of lading by the Merchant.

Number of Original B(s)/L THREE(3)

IN WITNESS of the contract herein contained, the number of original shares stated, have been issued, each one being the same tenure and date, one of which, being accomplished the others to be void.

Place of issue DALIAN

Date of issue 29 JUN 2008

FOR THE SHIPPER AND/OR THE CONSIGNEE

COMPLANT INTERNATIONAL TRANSPORTATION (DALIAN) CO.,LTD

C. List of items transported (undetected arms-related shipment to the Congo)

Example of items in the air shipment (September 2008)

Engines for main battle-tanks and armoured vehicles

Liste des pièces de rechange transportées par l'avion
(Pyongyang - Brazzaville) (5e ptembre 2008)

1.	moteur du tank T-55,	1
2.	moteur du tank 62,	2
3.	moteur bTP-60,	2
4.	tambe de frein du Véhicule blindé	5
5,	robinet de distributeur d'air	1

Example of items in the sea shipments (June and September 2008)

Engines, radiator, shock absorbers for main battle-tanks and armoured vehicles

Liste des pièces de rechange des 3 Containers
(le 15 Septembre 2008)

Bordereau pour char

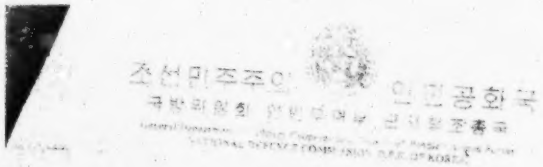
1.	tableau d'appareils électriques	(12.24)	3
2.	segment à pression	(304-08-4)	100
3.	segment à huile	(304-08-3)	30
4.	disque d'entraînement	(5441.1)	3
126.	moteur	(WR 23)	1
127.	moteur	(WR-23)	1
128.	moteur	(WR-23)	1
129.	moteur	(T-62)	1
130.	amortisseur	(100 NM C508 T-59)	1
131.	récupérateur	(100 NM C507 T-59)	1
132.	radiateur à eau	(T-62)	1

Véhicule blindé

Bordeau.

1.	moteur	1
2.	moteur	1
3.	moteur	1
4.	pot d'échappement et couvercle	4
5	appareil circulatoire de l'eau	4

D. Invoices signed by Song Chang-Sik and Kim Kwang-Nam (illicit refurbishment in the Congo)



General Department of Military Cooperation. Ministry of People's Armed Forces.
NATIONAL DEFENCE COMMISSION, D.P.R. OF KOREA

Doit : Ministère de la Défense Nationale
Objet : Travaux ou (fourniture)

Couts des travaux, des salaires des experts coreens,des machines et outils.
Tableau -I- artillerie Anti-aerienne et de compagne

No	désignation	type	Unité	quantité	pu Euro	pt Euro	pt CFA(656)
1	82mm mortier		Pièce	1	510.00	510,00	334 560,00
2	120mm mortier		Pièce	7	570.00	3990,00	2617 440,00
3	122mm obusier	D-30	Pièce	16	6595.00	105 520,00	69221120,00
4	122mm obusier	1938	Pièce	3	3270,00	9810,00	6435360,00
5	107mmLRM	B12	Pièce	3	1120,00	3360,00	2204160,00
6	122mmLRM	BM21	Pièce	4	5080,00	20320,00	13329920,00
7	canon	Oural	Pièce	1	3100,00	3100,00	2033600,00
8	100mm canon	BC-3	Pièce	7	3780,00	26460,00	17357760,00
9	14,5mmquadritube	56-4	Pièce	7	2360,00	16520,00	10837120,00
10	37mmmanotubeAA	55-1	Pièce	6	3340,00	20040,00	13146240,00
11	37mmbitube	65-2	Pièce	6	3500,00	21000,00	13776000,00

53 2800.00€ = 34951680.00 F cfa

Arretée à la présente facture à la somme de ***un million neuf cent trente neuf mille deux cent (1939200,00) € soit un milliard deux cent soixante douze million cent quinze mille deux cent (1272115200,00) francs Cfa.***

Pour la Direction Generale de la Cooperation Militaire du du **Ministere des Forces Armees Populaires de la Commission Nationale de la Defense de la Republique Populaire Democratique de Coree.**

M. SONG CHANG SIK,

Conseiller D'Ambassade de la République Populaire Démocratique de Corée avec sa Residence à Brazzaville

On behalf of the General Department of Military Cooperation of the Ministry of People's Armed Force of the National Defence Commission of the Democratic People's Republic of Korea

M. SONG CHANG SIK *(signature)*

Counsellor of the embassy of the Democratic People's Republic of Korea with its Residence in Brazzaville

Facture. № : 090401

Doit : Ministère de la Défense Nationale de la République Populaire Démocratique de Corée
Objet : Travaux ou fourniture

Coût des travaux, des formation, des salaires des Experts, Conseils
Tableau : 1. Chars et véhicules blindés

№	Désignation	Type	Unité	Qté	P.u (€)	P.t (€)	P.t FCFA (656)
1	Char lourd (abandonné)	T-54	Pièce	2	121,150	242,300	158,948,800
2	Char léger (abandonné)	T-62	Pièce	1	99,750	99,750	65,436,000
3	Véhicule blindé (abandonné)	BMP-2	Pièce	1	89,750	89,750	58,876,000
4	Véhicule blindé	BMP-2	Pièce	1	69,750	69,750	45,756,000
5	Véhicule blindé (abandonné)	BTR-60	Pièce	2	54,600	109,200	71,635,200
6	Véhicule blindé	BTR-60	Pièce	2	24,600	49,200	32,275,200
	Total					**659,950**	**432,927,200**

La présente facture est arrêté à la somme de un million cinq cent vingt quatre mille trois cent quatre vingt dix Euro (1,524,390€) soit neuf cent quatre vingt dix neuf million neuf cent quatre vingt dix neuf mille huit cent quarante FCFA (999,999,840 FCFA).

Pour la Direction Général de la Coopération Militaire du Ministère des Forces Armées Populaires de la Commission de la Défense Nationale de la République Populaire Démocratique de Corée

Général de brigade
KIM KWANG NAM

Représentant de la Direction Générale de la Coopération Militaire du Ministère des Forces Armées Populaires de la Commission de la Défense Nationale de la République Populaire Démocratique de Corée

On behalf of the General Department of Military Cooperation of the Ministry of People's Armed Forces of the National Defence Commission of the Democratic People's Republic of Korea

Senior Colonel
KIM KWANG NAM,

Representative of the General Department of Military Cooperation of the Ministry of People's Armed Forces of the National Defence Commission of the Democratic People's Republic of Korea

E. Passport of Kim Kwang-Nam (illicit refurbishment in the Congo)

F. Wire transfer order (illicit refurbishment in the Congo)

La somme de Francs CFA : Huit cent quatre vingt dix millions quatre cent quatre vingt mille six cent quarante .
(890.480.640)

Contre valeur en Euro : Un million trois cent cinquante sept mille cinq cent vingt huit euros quatre vingt dix huit
(1.357.528,98)

Bénéficiaire : KIM KYONG HO

Adresse : Attaché commercial in Korea Embassy in Beijing, District Chaoyang, Beijing

Banque : INTERMEDIARY BANK : [redacted]

BENEFICIARY'S BANK: [redacted]
BIC : [redacted]
ACCOUNT N° [redacted]

Information redacted by the Panel

Adresse : BEIJING, DISTRICT XIDANG

Objet du transfert : Remise en état des matériels militaires suivant décompte n°1 du 05/03/2008

Refurbishment of the military equipment according to invoice no. 1 of 05/03/2008

Annex XVIII

Luxury goods incidents reported since May 2012: additional information

1. Ten thousand rolls of tobacco and 12 bottles of sake (valued at ¥ 183,000) were illegally shipped from Moji port, Japan, to the DPRK via Dalian, China, on 25 December 2008. Japan prosecuted Kanai Shouji Inc. and KIM Jusop (CEO and President of Kanai Shouji Inc.), and identified the DPRK importer as Korea Kyong Hung Trading Co., and its intermediary as Dalian Global Unity Shipping Agency Co., Ltd., China. Japanese legal proceedings have been completed (see paragraph 77 (b) of S/2012/422).

2. A total of 202 notebook-style computers were illegally shipped from Yokohama port, Japan, to the DPRK via Dalian, China, on three shipments (27 February 2009, 28 March 2009, and 18 June 2009). Japan prosecuted Popura-Tec Inc. and RI Sungi (President and CEO of Popura-Tec Inc.), and identified the DPRK end-users as Korea Computer Center and Pyongyang Information Center, and its intermediary as Dalian Global Unity Shipping Agency Co., Ltd., China. Legal proceedings are completed. The Panel also learned of other illegal shipments to the DPRK of 496 notebook-style computers by Popura-Tec Inc. and RI Sungi. They were not prosecuted in connection with these incidents due to the statute of limitations (see paragraph 77 (e) of S/2012/422).

3. One notebook-style computer (valued at ¥105,800) was illegally transported by air from Narita International Airport, Japan, to the DPRK via Beijing airport, China, on 26 March 2009. Japan prosecuted Secoro Corporation, Advance KY Corporation, KIM Yongsong (who held executive positions in these two companies), PARK Kangpyong (former employee of Secoro), and LEE Jongmi (former part-time employee of Secoro), and identified the DPRK consignee as the Pyongyang Office of Secoro Corporation. Japanese legal proceedings have been completed.

4. A total of five used vehicles (valued at ¥ 6,111,000) were illegally shipped from Kobe port, Japan, to the DPRK via Dalian, China, on two shipments (20 May and 10 June 2009). Japan prosecuted Advance Auto, ABE Hideaki (a board member of Advance Auto), and KOMATSU Kiyoshi (owner of a company named Fukuyama Shoukai). Japan identified the DPRK end-users as Lyonghung Trading, and its intermediaries as Dalian Global Unity Shipping Agency Co., Ltd., China, and Shenyang Xingyuxin Auto Accessories Firm which Japan suspects as a front company addressed in China. Japanese legal proceedings have been completed (see paragraph 77 (d) of S/2012/422).

5. A total of two vehicles and a spring unit for a vehicle (valued at ¥ 2,690,000) were shipped from Yokohama port, Japan, to the DPRK via Busan port, ROK on two shipments (4 August and 23 October 2009). Japan prosecuted KJ Inc., Ltd., SONG Gwang-Sun (CEO of KJ Inc.), KIM Kum-Ryo (auditor of KJ Inc.), and SONG Myong-Gon (employee of KJ Inc.), and identified the DPRK end-users as Korea Sangmyong General Trading Corporation and its intermediary as Doctor Logistics Co., Ltd, ROK. This incident was revealed during the course of investigations by Japan into other

shipments by the same entity and individuals of a large quantity of ceramics, porcelain, and interior wall papers to the DPRK in violation of Japan's unilateral sanctions against the DPRK. Japanese legal proceedings have been completed.

6. Various cargos (valued at ¥ 244,000,000) which included the luxury goods of powder foundation (cosmetics) (valued at ¥ 295,680) were illegally shipped from Osaka port, Japan, to the DPRK via Dalian, China, on two shipments (14 February and 18 April 2010). Japan prosecuted Create Co., Ltd., LIN Mao (who runs a company named Nikka Shoukai), LEE Munryang (President and CEO of Create Co., Ltd.), and RYU Jongia (auditor of Create Co., Ltd.). Japan also identified the DPRK importers as Korea Rungra 888 Trading Co., Korea Koryo Simcheong Co., and Korea Moogwansei Co., and its official consignee in China as Complant International Transportation (Dalian) Co., Ltd. The cargos were received by a Chinese female from Dalian Wanjin Trade Co. Ltd., whom Japan identified as being linked to Dalian Global Unity Shipping Agency Co., Ltd. When she received the cargos, she possessed a letter of attorney issued by Complant International Transportation (Dalian) Co., Ltd. Japanese legal proceedings have been completed.

7. Two used automobiles (declared value of ¥ 7,000,000) were illegally shipped on 26 May 2010 from Osaka Nanko port to the DPRK via Busan, ROK, and Dalian, China. Japan arrested PAN Jong-thae, a DPRK national residing in Japan. Japanese legal proceedings are continuing.

8. Ten used notebook-type computers (valued at ¥100,000) were illegally shipped on 11 February 2011 from Yokohama port, Japan, to the DPRK via Busan, ROK, and Dalian, China. Implicated were Create Co., Ltd., LEE Munryang (President and CEO of Create Co., Ltd.), RYU Jongia (auditor of Create Co., Ltd.), and MORINO Kaoru (a board member of Glasses Garage Co., Ltd.). This incident was revealed during the course of investigations by Japan into other shipments by the same entity and individuals of used desktop-style computers (valued at ¥ 8,190,000) in violation of Japan's unilateral sanctions against the DPRK. Japan identified the DPRK importer as Korea Computer Center, and its official consignee in ROK as Yongsung Logistics Co., Ltd. The three individuals and the company were prosecuted for their violations of Japan's unilateral sanctions on the DPRK. Japanese legal proceedings have been completed.

9. A compact disc was shipped from Europe to the DPRK. It was seized by Japan during a transhipment in Tokyo on 18 September 2012.

Annex XIX

Code of conduct signed by members of Armateurs de France

Armateurs de France

Cluster Maritime Français

COMBAT ILLEGAL FLOWS OF CONVENTIONAL ARMS BY SEA
CODE OF CONDUCT

PREAMBLE

The 15th of October 2012

The policy of *Armateurs de France* members has always been to emphasize quality, safety, and security in their transport operations.

Thus, they support efforts made by governments, the European Union and the United Nations in the fight against the dissemination of conventional arms and for the compliance with international or regional arms embargoes.

The constant growth of the merchant shipping emphasizes the need for such policies. A better control of the enforcement of existing security rules should result in reducing risks and criminal behaviours.

In the light of these facts, *Armateurs de France* members publicly commit themselves to:

- Strictly comply with international rules and standards,
- Implement preventive measures,
- Enhance relations among ship-owners as well as with national and international authorities,

and formalize these commitments in this code of conduct.

COMMITMENTS

***Armateurs de France*'s members commit themselves to:**

1/ Compliance with international rules and standards

- Strictly implement relevant international, European and national rules and standards related to maritime safety and security;
- Fully comply with provisions on embargoes and other restrictive measures decided at international, European and national levels;
- Inform all relevant actors of their respective companies and, as far as possible, their sub-contractors of the extent of these embargoes and other restrictive measures.

2/ Preventive measures

- Take all necessary measures in order to ensure that their partners fully comply with commitments included in the present charter;
- Take appropriate steps within their respective companies in order to prevent any cooperation with companies, entities or individuals under an international, European, or national embargoes and other restrictive measures, or having been involved in illegal arms trade;
- Take up specific vigilance measures for cargo transport from and to countries under embargo and other restrictive measures;
- Implement common early warning indicators in order to single out high-risk shipments. These could for instance be: the nationality of the shipper, the final destination of the cargo, the methods of payment or the ports of loading;

3/ Relations with national authorities

- Set up a point of contact within their companies for the dialogue with their respective national authorities;
- Promptly alert national and international authorities whenever there is a suspicion of illegal trade;

- Cooperate with those authorities in the implementation of measures aimed at ending this illegal trade, including possible rerouting of the vessel or unloading of the involved cargo.

Signature Armateurs de France

The *Cluster Maritime Français* and *Armateurs de France* undertake to promote this code of conduct with their foreign partners in order to share these best practices.

Signature Cluster Maritime Français

Signature Armateurs de France

Annex XX

Overflight request denied by Iraq

조선민주주의 인민공화국
대 사 관

Embassy of the Democratic People's Republic of Korea

No 206

The Embassy of the Democratic People's Republic of Korea in the People's Republic of China presents its compliments to the Embassy of the Republic of Iraq in Beijing and has the honor to inform the latter that the Democratic People's Republic of Korea will send a flight to Damascus loaded with civil commodities which would pass through Iraqi airspace from 21-25 of September 2012.

Air Koryo of DPR Korea has submitted an application form for the airspace passing permit to Iraqi Air line side at 19:59 p.m. on 12 September 2012 under AFTN address.

Followings are information data of the Flight;

Flight route: JS621/2
Call sign : P-914
Type of Aircraft: IL- 76

In this regard, the Embassy has the honor to request the Iraqi Embassy's assistance in coordinating with the appropriate Iraqi government agencies regarding the issuance of the necessary permits and overflight clearance for the Air Koryo flight JS621/2.

The DPRK Embassy avails itself of this opportunity to renew to the Embassy of the Republic of Iraq in the People's Republic of China the assurances of its highest consideration.

September 20, Juche 101(2012)

To: Embassy of Republic of Iraq
Beijing

Annex XXI

Additional aliases and identifiers of Ryonha Machinery Joint Venture Corporation

A. Additional identifying information for Ryonha Machinery Joint Venture Corporation and link to Unsan Solid Tools

1. The Panel recommends the Committee update the list of aliases used by "Korea Ryonha Machinery Joint Venture Corporation", designated by Security Council resolution 2087 (2013), to include the following aliases and identifiers (see paragraph 137 of this report):

> Ryonha Machinery Corporation; Ryonha Machinery; Ryonha Machine Tool; Ryonha Machine Tool Corporation; Ryonha Machinery Corp.; Ryonhwa Machinery Joint Venture Corporation; Ryonhwa Machinery JV; Huichon Ryonha Machinery General Plant; Unsan; and Unsan Solid Tools.
>
> *In Korean:* 련하기계무역회사, 련하기계, 조선련하기계합영회사
>
> *In Chinese:* *莲荷机械合营公司, 莲河机械, 熙川莲河机械综合工厂*
>
> *In Japanese:* 蓮河機械会社, 朝鮮蓮河機械合営会社, 蓮河機械, 蓮花機械合弁会社, 熙川蓮河機械総合工場
>
> *Address*: Tongan-dong, Central District, Pyongyang, DPR Korea.
>
> *Email addresses*: ryonha@silibank.com; sjc-117@hotmail.com; and millim@silibank.com
>
> *Telephone numbers*: 850-2-18111; 850-2-18111-8642; and 850-2-18111-3818642
>
> *Facsimile number*: 850-2-381-4410

2. The Panel's research of DPRK sources revealed that the name of Ryonha Machinery Joint Venture Corporation was no longer used in DPRK publications after early 2008. This name was replaced by Ryonha Machine Tool Corporation in 2008, and then further replaced by Ryonha Machinery Corporation in 2011. All three entities share the same contact information. The Panel also obtained information about a DPRK company named Ryonha Machine Tool which participated in the September 2012 Pyongyang International Commodities Fair.[12]

3. The Panel also identified from a DPRK source another variant alias used by Ryonha Machinery Corporation (蓮河機械会社), "Ryonhwa Machinery Joint Venture Corporation (蓮花機械合弁会社)." This company also advertised a CNC machine produced by Ryonha Machinery Corporation.[13]

[12] http://www.naenara.com.kp/ja/trade/trade_news.php?perior+automn-5 (accessed by the Panel on 15 April 2013)

[13] See *Foreign Trade of the Democratic People's Republic of Korea*, Issue number 4, 2012 (Japanese version); http://www.naenara.com.kp/ja/trade/ (accessed by the Panel on 4 April 2013); http://www.naenara.com.kp/ja/trade/trade_news.php?perior+automn-5 (accessed by the Panel on 15 April 2013).

4. Another DPRK source listed a DPRK factory named "Huichon Ryonha Machinery General Plant (熙川蓮河機械総合工場)" as a factory being managed by Ryonha Machinery Corporation.[14]

5. In addition, a DPRK source portrayed Ryonha Machinery as a primary developer of CNC machines series since April 1995.[15] However, the Panel could not find a single DPRK company named only Ryonha Machinery that had been operating since 1995.

6. The Panel obtained pamphlets of Ryonha Machinery Corporation from a participant in the China-DPRK Economic, Trade, Cultural and Tourism Expo held in Dandong, China in October 2012 where this DPRK entity displayed its products. One of the pamphlets included a name card of an individual working for a trading company based in Dandong who presented his title as "Ryonha Machinery China Sales Agent", clearly indicating that the name "Ryonha Machinery" was used to mean Ryonha Machinery Corporation. On this pamphlet, the address of Ryonha Machinery Corp. was given as "Tongan-dong, Central District, Pyongyang, DPR Korea," whereas its telephone number and email address were respectively given as "+850-2-18111" and "sjc-117@hotmail.com".

7. The pamphlet also shows that Ryonha Machinery Corporation sold "Unsan Solid Tools," indicating that Unsan appears to be a brand name utilized by Ryonha Machinery Corporation. The Panel further notes DPRK media advertising machining tools manufactured by Unsan manufacturing plant.

8. All these companies share an identical company logo and market the same product series. DPRK publications and media describe each entity as a leading company in the field of CNC machinery. In light of this evidence, the Panel concludes that the above mentioned DPRK entities sharing the name "Ryonha" or "Ryonhwa" are identical.[16]

[14] "DPRK Trade Developing with the Industrial Revolution of a New Century (in Japanese)", *NAENARA* (Japanese edition) accessed by the Panel on 2 April 2013 (http://www.naenara.com.kp/ja/news/news_view.php?0+42934).
[15] "DPRK Trade Developing with the Industrial Revolution of a New Century (in Japanese)", *NAENARA* (Japanese edition) accessed by the Panel on 2 April 2013 (http://www.naenara.com.kp/ja/news/news_view.php?0+42934).
[16] "Leading a construction of economic strong power with science and technology (in Chinese) [先导经济强国建设的科学技术]", *NAENARA* (Chinese edition) accessed by the Panel on 4 April 2013 (http://naenara.com.kp/ch/news/news_view.php?6+219).

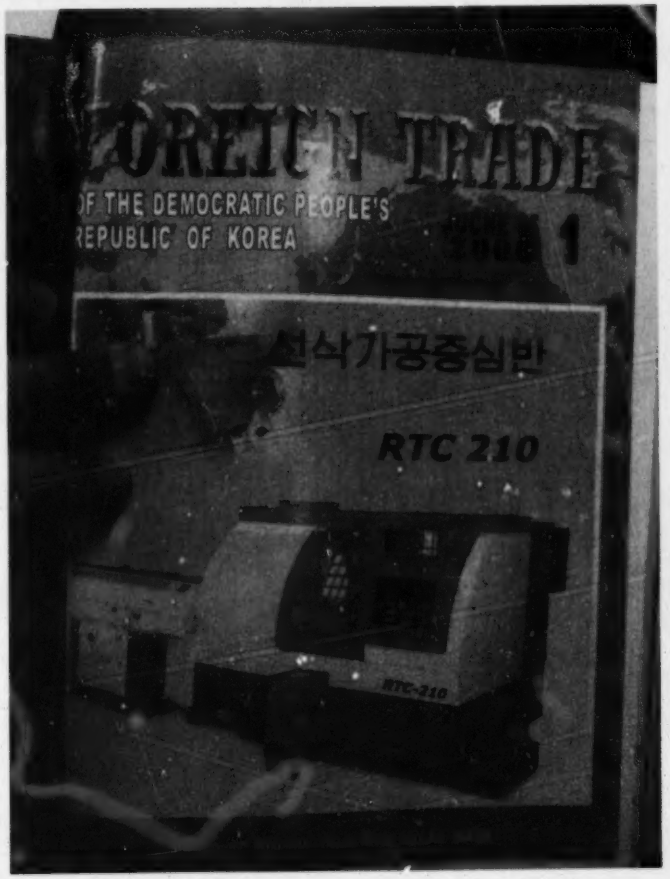
B. Evidence of identical identifying information of Ryonha-related entities in the Democratic People's Republic of Korea

Source: *Foreign Trade of the Democratic People's Republic of Korea*

Ryonha Machinery Joint Venture Corporation Address: Central District, Pyongyang, DPR Korea Tel: 850-2-18111-3818642 Fax: 850-2-381-4410 Email: ryonha@silibank.com *See Foreign Trade of Democratic People's Republic of Korea, Issue 1, 2006*
Ryonha Machinery Joint Venture Corporation Address: Central District, Pyongyang, DPR Korea Tel: 850-2-18111-8642 Fax: 850-2-3814410 Email: millim@silibank.com *See Foreign Trade of Democratic People's Republic of Korea, Issue 1, 2008*
Ryonha Machine Tool Corporation Address: Central District, Pyongyang, DPR Korea Tel: 850-2-18111-8642 Fax: 850-2-3814410 Email: millim@silibank.com *See Foreign Trade of Democratic People's Republic of Korea, Issue 2, 2008*
Ryonha Machine Tool Corporation Address: Central District, Pyongyang, DPR Korea Tel: 850-2-18111-8642 Fax: 850-2-3814410 Email: ryonha@silibank.com *See Foreign Trade of Democratic People's Republic of Korea, Issue 1, 2009*
Ryonha Machinery Corporation Address: Central District, Pyongyang, DPR Korea Tel: 850-2-18111-381-8642 Fax: 850-2-381-4410 Email: ryonha@silibank.com (Publication: Issue number 2, 2011 *(See annexes XX.)*) *See Foreign Trade of Democratic People's Republic of Korea, Issue 1, 2011* ** This contact information was also used by Ryonha Machinery Joint Venture Corporation in 2006, as shown above.*

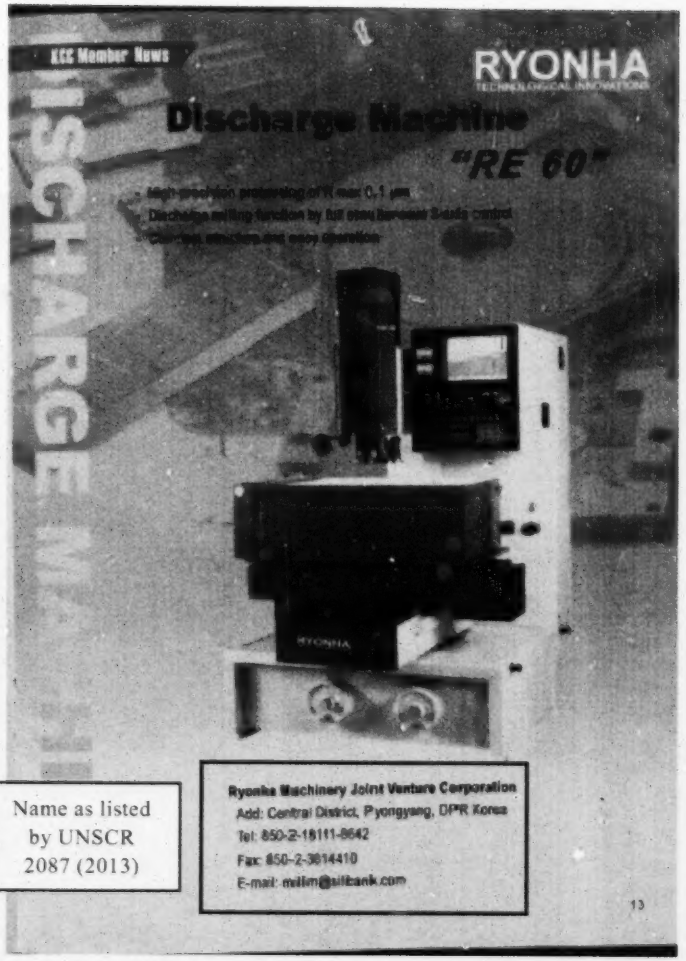
*Changes in contact information are highlighted with underlines.

Issue number 1, 2006



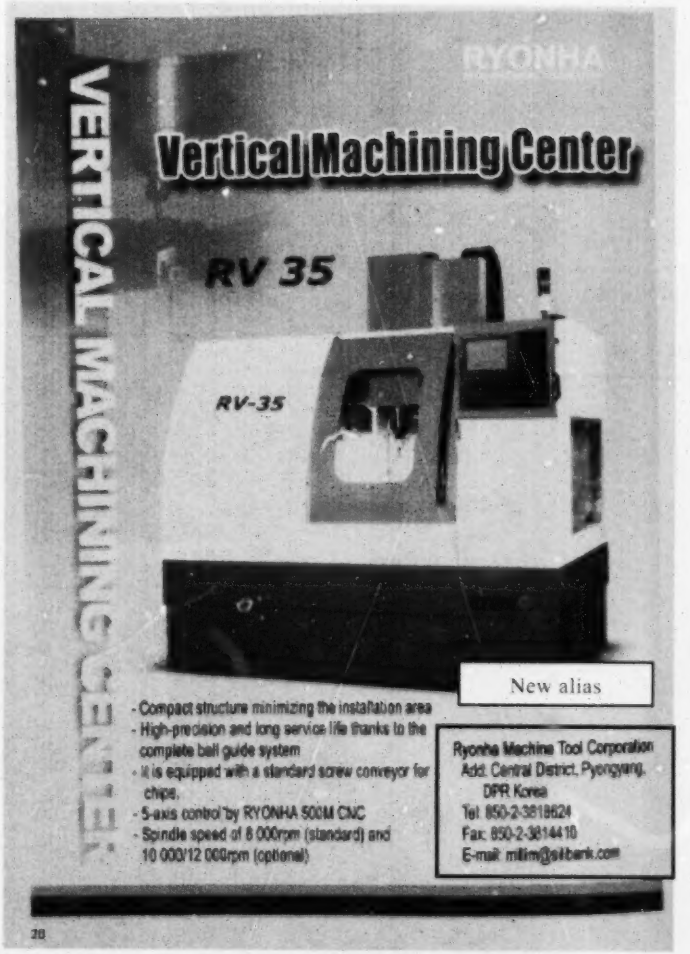
Name as listed by UNSCR 2087 (2013)

Issue number 1, 2008



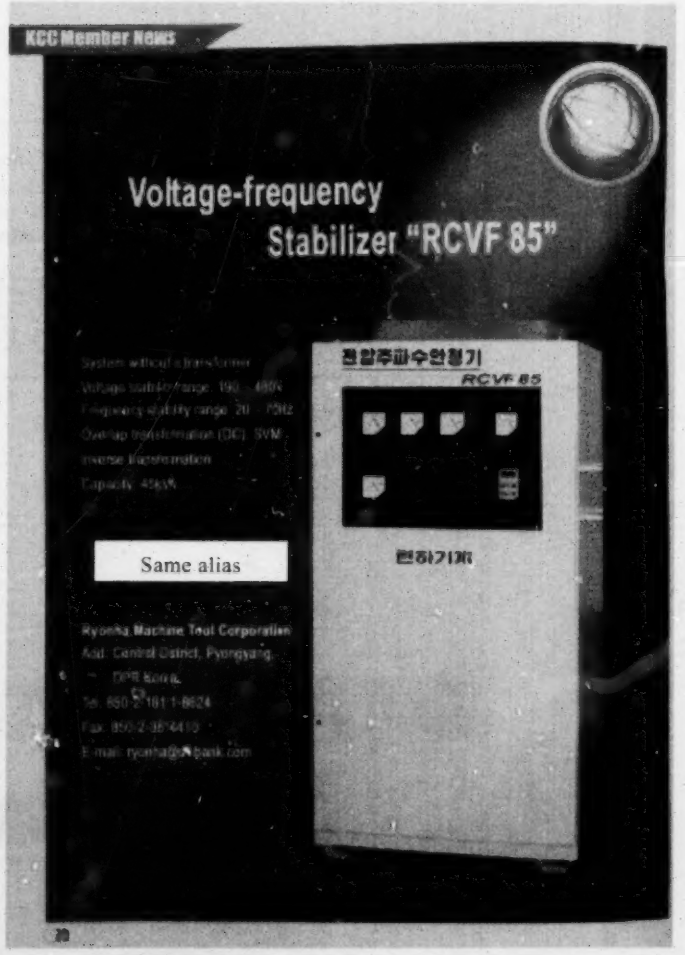
Name as listed by UNSCR 2087 (2013)

Issue number 2, 2008

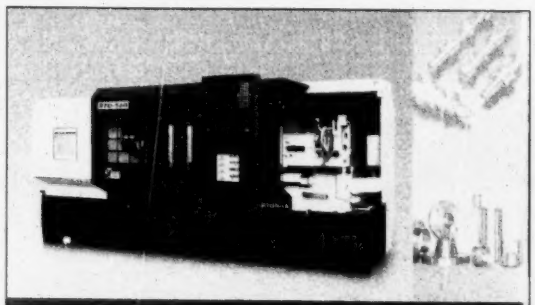

RYONHA
Vertical Machining Center
RV 35
RV-35
VERTICAL MACHINING CENTER
- Compact structure minimizing the installation area
- High-precision and long service life thanks to the complete ball guide system
- It is equipped with a standard screw conveyor for chips.
- 5-axis control by RYONHA 500M CNC
- Spindle speed of 8 000rpm (standard) and 10 000/12 000rpm (optional)
Ryonha Machine Tool Corporation
Add: Central District, Pyongyang, DPR Korea
Tel: 850-2-3818624
Fax: 850-2-3814410
E-mail: milim@silbank.com
28

New alias

Issue number 1, 2009



Issue number 2, 2011



RTU SERIES CNC LATHE

RTU series lathes are high performance and economic CNC lathes which are suitable for your all turning works

RYONHA

RYONHA
TECHNOLOGICAL INNOVATIONS

RYONHA MACHINERY CORP.

Tongandong, Central District, Pyongyang, DPR Korea
Tel: 850-2-18111
Fax: 850-2-3814410
E-mail: ryonha@silibank.net.kp

UNSAN

云山整体刀具

UNSAN SOLID TOOLS

莲河机械公司
RYONHA MACHINERY CORP

련하기계회사
RYONHA MACHINERY CORP.
莲河机械公司

조선민주주의인민공화국평양시중구역동안동
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E-mail: sjc-117@hotmail.com

Annex XXII

FATF Public Statement regarding the Democratic People's Republic of Korea

Democratic People's Republic of Korea (DPRK)

Since October 2012, DPRK has reached out to the APG regarding joining that body and has engaged directly with the FATF. The FATF urges the DPRK to enhance its engagement with these bodies to agree with the FATF on an action plan to address its AML/CFT deficiencies.

The FATF remains concerned by the DPRK's failure to address the significant deficiencies in its anti-money laundering and combating the financing of terrorism (AML/CFT) regime and the serious threat this poses to the integrity of the international financial system. The FATF urges the DPRK to immediately and meaningfully address its AML/CFT deficiencies.

The FATF reaffirms its 25 February 2011 call on its members and urges all jurisdictions to advise their financial institutions to give special attention to business relationships and transactions with the DPRK, including DPRK companies and financial institutions. In addition to enhanced scrutiny, the FATF further calls on its members and urges all jurisdictions to apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from the DPRK. Jurisdictions should also protect against correspondent relationships being used to bypass or evade counter-measures and risk mitigation practices, and take into account ML/FT risks when considering requests by DPRK financial institutions to open branches and subsidiaries in their jurisdiction.

Source: http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/fatfpublicstatement22february2013.html#dprk.

Annex XXIII

List of banks known or believed to be operating in the Democratic People's Republic of Korea

The DPRK does not publish a list of banks licensed to operate in its country and considers business information most other countries normally make available about banks to be a state secret. Various references and guides published with information about DPRK government, party, industry, and trade organizations provide information on some banks. The Panel is unaware of any commercially available comprehensive guide to DPRK banks. The list compiled here, including names in Korean and Chinese when known and appropriate, uses information from a variety of government, press, business and academic sources believed to be reliable and corroborated wherever possible. The Panel welcomes information that would help it further refine and improve the list.

Institution (designated by the United Nations, the United States of America or the European Union)	*Bank Identifier Code*	*Other name(s)*	*Notes*
Amroggang Development Bank **압록강개발은행 (UN)**	ADBKKPPYXXX		Associated with Tanchon Commercial Bank.
Bank of East Land, Pyongyang **동방은행 (UN)**	BOELKPPYXXX	AKA: Dongbang Bank AKA: Tongbang Bank	Associated with Dongbang Economic Group; financial arm of Green Pine Associated Corporation (UN designated).
Tanchon Commercial Bank, Pyongyang **단천상업은행 (UN)**	[CCBHKPPYXXX] (withdrew from SWIFT)	FKA: Changgwang Credit Bank FKA: Korea Changgwang Credit Banking Corporation	Under Second Economic Committee; financial arm of KOMID (UN designated).
Central Bank of the D.P.R. of Korea **조선중앙은행**			Bank of issue; has stake in Hana Banking Corporation.
Foreign Trade Bank of the D.P.R. of Korea **조선무역은행 (US)**	FTBDKPPYXXX	AKA: Mooyokbank AKA: Korea Trade Bank	Bank manages State foreign exchange transactions and diplomatic accounts; reportedly established Dandong, China, branch in 2002.
Chinese Commercial Bank, Rason **中华商业银行**			Established in January 2013; new competitor of Golden Triangle Bank.
Credit Bank of Korea		AKA: Korea Credit Bank FKA: International Credit Bank	Associated with Heavy Industry Department of KWP; most likely different from First Credit Bank.

Institution (designated by the United Nations, the United States of America or the European Union)	*Bank Identifier Code*	*Other name(s)*	*Notes*
Daedong Credit Bank **대동신용은행**	DCBKKPPYXXX	FKA: Perigrine-Daesong Development Bank	Joint venture with Korea Daesong Bank; majority stake recently acquired by a Chinese company.
First Credit Bank	KYCBKPPYXXX	FKA: Kyongyong Credit Bank, Pyongyang	Possible joint venture.
First Trust Bank Corporation **제일신용은행**		AKA: Cheil Credit Bank AKA: Jeil Credit Bank	Joint venture founded by Chosen Soren businessman to handle trade of foreign-invest DPRK firms with Russian Federation.
Golden Triangle Bank, Namsan **황금의삼각주은행**	KGTBKPPYXXX	AKA: Golden Delta Bank	Until 2013, only bank servicing Rason Free Trade Zone.
Hana Banking Corporation	BRBKKPP1XXX	AKA: Hwaryo Bank (화려은행) AKA: Huali Bank (朝鲜华丽银行) AKA: Gorgeous Bank of North Korea FKA: Brilliance Banking Corporation, Ltd.	Joint stock company arranged between Central Bank of DPR Korea and Central Bank of China; operates branches in China and deals in RMB; had sought to open branch in Seoul but agreement not reached.
Ilsim International Bank **일심국제은행**	ILSIKPPYXXX FTBDKPPYKBC	FKA: Korea Kumsong Bank FKA: Kumsong Bank (possible former FTB window)	Korea Kumsong Bank was reported to be associated with the Ministry of People's Armed Forces.
International Consortium Bank (ICB)	FHIBKPPYXXX (it is not known whether ICB retained SWIFT)	Probably FKA: Hi-Fund International Bank (capitalized by a large number of different DPRK and Chinese companies and also claimed by Malaysia Korea Partners (MKP))	Established by Malaysia Korea Partners Group of Companies (MKP).
International Telecom Bank, Pyongyang **국제통신은행**	[ITBKKPPYXXX] (no longer valid)		Uncertain if this entity is active.
Industrial Development Bank			Associated with now defunct Taepung International Investment Group; uncertain if this entity is active.
The International Industrial Development Bank			Functions may now be performed by Korea National Development Bank; uncertain if this entity is active.
Korea Agricultural Investment Bank	KAIBKPP1XXX		Established to implement current 10-year plan.

Institution (designated by the United Nations, the United States of America or the European Union)	*Bank Identifier Code*	*Other name(s)*	*Notes*
Korea Daesong Bank **대성은행 (US) (EU)**	KDBKKPPYXXX	AKA: Daesong Bank AKA: Taesong Bank AKA: Chosen Taesong Unhaeng	Part of Korea Daesong Economic Group and financial arm of Office 39 of the KWP; a subsidiary, Golden Star Bank, Vienna, was closed by Austria in 2004.
Korea Joint Bank, Pyongyang **조선합영은행**	KJBFKPPYXXX	AKA: Korea Joint Operation Bank AKA: Chosun Joint Operation Bank	Joint venture bank; established by Korea International General Joint Venture Company and Association of Korea Traders and Industrialists in Japan.
Korea Kwangson Banking Corporation **조선광선은행 (US) (EU)**	KKBCKPPYXXX	AKA: 朝鮮光鮮金融会社 FKA: Korea Kwangson Finance Company	Associated with Foreign Trade Bank; supports Tanchon Commercial Bank; operates branch in Dandong, China, under its former name Korea Kwangson Finance Company.
Korea National Development Bank	KNDBKPP1XXX		Established to implement current 10-year plan.
Korea United Development Bank, D.P.R. of Korea **통일발전은행**	KUDBKPPYXXX	FKA: Myohyangsan Bank FKA: Myonghyangsan Bank	Under direction of Cabinet.
Koryo Commercial Bank **고려상업은행**	KCBKKPPYXXX	AKA: Korea Commercial Bank	Joint venture bank; established by DPRK and US residents; related to Kumgangsan International Group.
Korea Commerce Bank			Established by Commercial Banking Law adopted in 2006; reportedly took over some functions formerly handled by Central Bank.
Koryo Credit Development Bank	KGCBKPPYXXX	FKA: Koryo Global Trust Bank FKA: Koryo-Global Credit Bank FKA: 고려글로벌신용은행	Joint venture with Koryo Bank; foreign partner returned license; uncertain if this entity is active.
Koryo Bank, D.P.R. of Korea **고려은행**	KORBKPPYXXX		Operated by Korea Myohyang Economic Group; joint venture partner in Koryo-Global Bank; possibly associated with Office 38 of the KWP.
Kumgang Bank **금강은행**	KMBKKPPYXXX	Possible AKA: Kumgang Export and Import Bank	Associated with Korea Ponghwa General Corporation (under External Economic Committee of the Cabinet) and Korea Pyongyang Trading Company; described as a window of the Foreign Trade Bank.

Institution (designated by the United Nations, the United States of America or the European Union)	*Bank Identifier Code*	*Other name(s)*	*Notes*
North East Asia Bank **동북아시아은행**	NEABKPPYXXX		Associated with Korea National Insurance Corporation.
Orabank	ORABKPPYXXX		Established by Egypt's Orascom Group of Companies.

Abbreviations: AKA, also known as; FKA, formerly known as.